

JPRS 77302

3 February 1981

China Report

ECONOMIC AFFAIRS

No. 114

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

3 February 1981

CHINA REPORT

ECONOMIC AFFAIRS

No. 114

CONTENTS

NATIONAL POLICY AND ISSUES

Motivation of Masses To Exploit Favorable Conditions Urged (Fang Sheng, Wang Ruishun; RENMIN RIBAO, 17 Nov 80)	1
PRC Journal on Duality of Commodity, Labor (Wang Ganyi; JINGJI YANJIU, 20 Nov 80)	5

ECONOMIC PLANNING

Role, Scope of Individual Economy Discussed (Gai Zhu; JIEFANG RIBAO, 22 Oct 80)	13
Development of Collective Commercial Enterprises Noted (Shen Jiqing; MEN HUI BAO, 7 Oct 80)	16
'Accelerated Depreciation' Method Said Unsuitable to China's Economy (Zhu Minjie; CAIZHENG, Jan 81).....	18
Causes of Slow Factory Renovation Examined (Hu Jing, Wang Chengyao; CAIZHENG, Jan 81).....	24

INDUSTRY

Increased Industrial Output Value Reported (MEN HUI BAO, 7 Oct 80)	32
Too Many Small Textile Mills Being Built (Li Anding; RENMIN RIBAO, 17 Nov 80)	34
Anhui's Light, Textile Industry Development (Anhui Provincial Service, 31 Dec 80)	37

Hangzhou Bay Fishing Industry Hard Hit by Polluted Industrial Waste Water (GUANGMING RIBAO, 22 Oct 80)	38
Briefs	
Waste Recovery	40
CONSTRUCTION	
Recommendations for Development of Synthetic Aggregates (Pan Wenkun; RENMIN RIBAO, 17 Nov 80)	41
DOMESTIC TRADE	
Briefs	
Consumer Goods	43
LABOR AND WAGES	
Liaoning: Living Expenses in Shenyang Up Sharply (Liaoning Provincial Service, 1 Jan 81)	44
Shanxi Workers' Living Conditions Improve (Shanxi Provincial Service, 31 Dec 80)	45
Briefs	
Anhui Population	47
GENERAL	
'Radio Zhejiang' Reports on 180 Economic Performances (Zhejiang Provincial Service, 1 Jan 81)	48
PUBLICATIONS	
Table of Contents of 'A Study of China's Socialist Economic Problems' (Xue Muqiao; ZHONGGUO SHEHUIZHUYI JINGJI WENTI YANJIU, Dec 79)	49

NATIONAL POLICY AND ISSUES

MOTIVATION OF MASSES TO EXPLOIT FAVORABLE CONDITIONS URGED

Beijing RENMIN RIBAO in Chinese 17 Nov 80 p 5

[Article by Fang Sheng (2455 3932) and Wang Ruisun (3769 3843 5549): "Questions Concerning the Development of Favorable Conditions"]

[Text] The situation with regard to our economic construction has improved steadily since the party has redirected its work priorities. The crucial economic policies adopted by the Party Central Committee, including a program to develop favorable conditions, have achieved remarkable results in a very short time. While many departments and localities have wrestled with plans to develop favorable conditions, many leading cadres, personnel in the scientific and technological sectors, as well as the staff and the masses of workers have put forward from their respective posts all kinds of suggestions and recommendations. In fact, the whole nation is searching for favorable conditions and trying to develop them.

Now the program to develop favorable conditions has unfolded. But there are some questions to be answered before the program can serve as a vehicle to uproot the foolishness of championing our weaknesses instead of our strengths and our favorable conditions in the pursuit of the four modernizations.

The Question of Whether We Want To Develop Favorable Conditions

Why do people want to develop favorable conditions? Because it is profitable to do so. Even a petty self-sufficient producer knows how to make active use of the objective conditions which help him save labor and earn more income. Needless to say, in a capitalist society the capitalists are even more intent on exploiting all available favorable conditions. In the pursuit of maximum profit, they will cling to any favorable conditions worth exploiting. Under socialism, where the interests of the state, the collective and the individual workers are meshed, all the favorable conditions should be utilized even more actively than under capitalism, in order to speed up the development of the national economy.

During the progress of our socialist economic construction, our frequent violation of the principles of developing favorable conditions have resulted in their repression under socialism. The fact that we have been unable to develop fully the favorable conditions which exist shows that there are serious drawbacks in an economic system which places all production units under various levels of political authorities and does not treat them as independent economic entities under their own interests.

Consequently, the primary task in developing favorable conditions is to make the people willing to develop them. There is nothing one can do if the people do not want to develop favorable conditions. Neither firm commitments by the highest authorities nor explicit policy proclamations will suffice unless the whole nation acts spontaneously to achieve it. Making the people work hard at developing favorable conditions means making all economic decisions and activities conducive to the development of favorable conditions and the maximization of achievements. This cannot be done by decrees, instructions, and propaganda alone. It depends on whether producers can derive economic interests from the development of favorable conditions. All localities, departments, and enterprises will participate actively and spontaneously in developing favorable conditions, once the problem of their economic interests is satisfactorily solved.

Inasmuch as our economy is still a socialist commodity economy, each economic unit is a relatively independent commodity producer that is naturally concerned about its economic interests. These interests must be protected in order to encourage the producers to work actively to develop favorable conditions. As commodity producers intent on making more profit, economic units must keep the amount of labor spent on commodity production below the level of socially necessary labor. If this were not done, there might be a business deficit, a loss of economic interests to the producers. The working of this mechanism depends on competition between the commodity producers, which forces them to do their best to cut down labor consumption and increase labor productivity in order to stay in a favorable competitive position. Labor productivity in our country depends on many natural and economic factors which differ from one area to another. These objective factors make it necessary for producers of commodities to develop favorable conditions so as to achieve better economic results. A commodity which yields more profit because it is produced in an area with favorable conditions, where the amount of labor required is below the level of what is socially necessary, might require more labor and yield less profit if produced in a less favorable locality. Thus, to motivate all localities, departments, and enterprises to participate actively and spontaneously in the development of favorable conditions, it is necessary to link the program to the economic interests of the producers.

The Question of Whether We Can Develop Favorable Conditions

Unlike centralized mandatory planning, the program to develop favorable conditions calls for only what is locally possible. At present there are hundreds of thousands of industrial enterprises in our country which produce a great variety of products with vastly different specifications. They differ in technology and management and face ever-changing production conditions and requirements by society. With conditions as complex as this, if the state were to lay down plans for everything (i.e., the value, volume, specifications, and designs of all products were dictated by the economic departments in charge), the production units would become mere dummies. Obviously the various localities, departments, and enterprises would not be able to develop favorable local conditions if they were not allowed to make adjustments to suit the actual situation, while the state is neither capable of organizing production to cover all the divergent natural and economic factors nor responsible for ever-changing conditions. Consequently, the system of planning should be overhauled so as to cut back mandatory directives and allow the market forces to work out the necessary adjustments under the guidance of state plans. Being competent economic units, the enterprises should have the power to make plans, to purchase and sell

material supplies, to manage their finance and wages, and to price their products. They should be permitted to exploit all favorable natural and economic factors to develop production and distribution according to the needs of society as long as they accept the leadership of the state and work to maintain an overall balance.

Contrary to administrative control of the economy, the program to develop favorable conditions encourages each to supply what the other needs. This signifies a rational division of work, each buying what it cannot or would not produce and selling what it produces. There is no way to develop favorable conditions as long as the channels of commodity circulation are blocked by regional compartmentalization, whereby one cannot buy what he needs and sell what he produces. Since natural and economic conditions in our country differ from area to area, some areas may have abundant financial resources, while others may excel in technology, natural resources, or labor force. In a word, each area has its unique favorable conditions. However, if each area were to do everything by itself, it would run into unfavorable conditions and achieve very little in spite of its efforts. All economic activities must be organized to meet the needs of large-scale socialized production. This means that the economy must be managed by economic organizations using economic methods. All regional, departmental, professional, and organizational restrictions should be done away with in order to make room for rational organization of production and circulation.

The Question of Whether We Know How To Develop Favorable Conditions

To develop favorable conditions, to bring out our strongpoints and keep clear of our shortcomings, is a brand new project, a new subject. The project will not succeed unless we know how it operates. Consequently, we have to answer the question of whether we know how to do it.

To learn how to develop favorable conditions is by no means a mystery. First of all, our cadres engaged in economic work must proceed from reality and act according to objective economic laws.

The very first step required to develop favorable conditions is to investigate and study the strongpoints and shortcomings of one's own locality, department, or enterprise. This is nothing new. However, inasmuch as some comrades do not care about investigations and studies, it is still necessary to remind them again. Some leading cadres who have failed to investigate and study the localities and departments under their jurisdiction simply do not know their own "strongpoints" and "shortcomings." Due to lack of knowledge of the true condition, they often resign themselves to their "shortcomings" rather than their "strongpoints" and do nothing to forge ahead. Disgruntled, they always find the grass greener in everybody else's yard. This naturally obstructs the development of favorable conditions in their localities, departments, or enterprises. As a matter of fact, every locality, department, and enterprise has its "strongpoints" and "shortcomings." It cannot have only "strongpoints" and no "shortcomings," or vice versa. The most crucial point is to investigate and study the actual condition to find out both "strongpoints" and "shortcomings." Once this is done, then we can bring out the strongpoints and keep clear of the shortcomings.

To develop favorable conditions means to do what one is capable of doing. As favorable and unfavorable conditions are relative terms, favorable conditions may become unfavorable conditions, just as unfavorable conditions may become favorable conditions. But how are we going to develop favorable conditions? First of all we must guard against rushing forth in all directions the moment there is a call for the development of favorable conditions, without knowing the true conditions and the objective economic laws. As attested by experience, one is likely to make things worse by attempting to do what is beyond one's capability. By the same token, the development of favorable conditions requires a good knowledge of all locally available natural resources and a comprehensive rational program to utilize them effectively and selectively, without any overexertion. Only by doing this methodically can we develop favorable conditions conducive to steady economic growth.

5360

CSO: 4006

PRC JOURNAL ON DUALITY OF COMMODITY, LABOR

HK091348 Beijing JINGJI YANJIU No 11 in Chinese 20 Nov 80 pp 59-64

[Article by Wang Ganyi [3769 1626 0001], Dongbei Teachers Training University, political department: "Tentative Discussion on Duality of Commodities and Labor"]

[Text] The theory of the duality of commodity and the theory of the duality of labor embodied in commodities are very important in Marxist political economics. In my opinion, some views that are generally shared in the economic sector such as that the concrete labor in the duality of labor and the use value of commodities belong to the realm of perpetuity and that abstract labor is "application to all eras" are open to question. This article is intended to question and discuss these problems.

I

Commodities have two factors of use value and value. The value of commodities is generally accepted as an expression of certain social relations belonging to the realm of history. This assertion is correct. It is also generally accepted that the use value of commodities belongs to the realm of perpetuity because it always constitutes the material content of social property and is the natural property of commodities and that it does not belong to the realm of political economics. But I do not agree with these views. According to my understanding of Marxist theory, the use value and the value of commodities belong to the realm of history.

First of all, I hold that the use value of commodities differs from the use value of goods in general. Basing themselves on Marx's assertion that "irrespective of social forms of property, all use value constitutes the material content of property." ("Das Kapital," People's Publishing House 1963 edition, vol 1 p 6) Some comrades have consequently equated use value with the use value of goods and considered both as belonging to the realm of perpetuity. With such views, these comrades at least have lopsidedly understood what was meant by Marx. It is also wrong and too simple to arrive at a conclusion upon such views that political economics does not include the study of use value.

Marx explicitly distinguished the use value of the use value: that is, the use value of goods differs from the use value of commodities. He said: "The use value of use value does not belong to the scope of study in political economics.

But when the forms of use value are defined, use value then belongs to the scope of study." ("Collected Works of Marx and Engels," "Critique on Political Economics," vol 13, p 16)

Marx also pointed out on many occasions that the use value of commodities belongs to the realm of history. He said: "In the social forms that we are studying now, use value is also the material bearer of exchange value." ("Das Kapital," People's Publishing House 1963 edition, vol 1, p 6) In 1879, he further expounded this question when he said: "Use value--the use value of commodities--itself has a particular historical nature." ("Collected Works of Marx and Engels," "Comment on 'Political Economics Textbook' by A. Wagner," vol 19, p 414) At the same time the criticized bourgeois economists for expounding the use value that does not belong to the sector of commodities.

Why is use value of commodities considered as belonging to the realm of history? Analyzed from a philosophical standpoint, it is because use value is one of the two factors of commodities. Use value and value are the unity of opposites in a commodity and this commodity is not a commodity when it lacks either use value or value. There is no doubt that commodities belong to the realm of history because the two aspects that constitute the unity of a commodity belong to the realm of history. We can in no way divorce these two aspects from each other and regard value as belonging to the realm of history and use value to the realm of perpetuity.

With regard to their content, the use value of use value differs from the use value of commodities. The use value of use value is easy to understand; for example, bread can be used to allay one's hunger and clothes can be used to cover one's body. But use value as a commodity is complicated. It has a dual role or duality. On the one hand, commodities are useful goods that meet people's needs with their natural forms, the products of the combination of labor with natural materials and the composition of all social property. This feature constitutes common ground for the use value of commodities and use value of the products of labor. It also reflects the property of the nature of the products of labor. On the other hand, as a commodity, use value has a particular mission that places itself above use of commodities and use value of products. The use value of commodities is not only a useful thing, but also goods that are used in exchange of value; it is a social use value as well as use value that constitutes one of the two factors of commodities. Like the value of commodities, use value exists and vanishes just as commodities do. In this respect, Marx said very clearly: "If we say that the 'value' of commodities is nothing but a certain historical form that exists within all social forms, then this is also true of 'social use value' with the 'use value' of commodities as its special characteristic." (Ibid, p 421)

Therefore to separate the two factors of commodity and regard value as belonging to the realm of history and use value as belonging to the realm of perpetuity is not correct.

II

The labor in the production of a commodity has its duality of concrete labor and abstract labor. It is generally regarded by academic circles that concrete labor

belongs to the realm of perpetuity. But there are different views with regard to abstract labor. Some comrades regard it as belonging to the realm of history while some others regard it as belonging to the realm of perpetuity.

In my opinion, any labor in the production of a commodity belongs to the realm of history. In order to affirm this view, I think it is imperative, first of all, to make it clear that the duality of labor referred to here by Marx is not the duality of all labor but the duality of the labor in the production of a commodity only. Marx was very rigorous in expounding this theory. When he was expounding the duality of labor in the first chapter of the book "Das Kapital" vol 1, he used the title of the "The Duality of Labor That Is Expressed in Commodities." He said: "This duality of labor that is included in commodities is first criticized and pointed out by me, because it is a turning point in the understanding of political economics." ("Das Kapital," vol 1, p 12)

I think that some comrades hold a wrong view with regard to the duality of labor because they neglect the fact that the duality of labor analyzed by Marx is the duality of labor in the production of commodities and consequently they have distorted the historical significance of the duality of labor. In order to make this question clearer, I am here using the method that is used by Marx in analyzing the realm to which "production" belongs to analyze the realm of "labor" so as to distinguish the nature of all labor from the labor in producing commodities.

It is generally known that labor is the basic condition for mankind's survival and therefore the realm of "labor" is applicable to all social forms. For now I will call this "labor" the "labor generality." "Labor generality" has a duality of expenditure of labor force for a specific purpose and expenditure of a human physiological significance. These are two aspects in the same process of labor. I will call the former for now the "objectivity of labor" and the latter the "abstractness of labor." This "labor generality" always exists in any social form and it is only its form that can change under different historical conditions. I will call the forms of the existence of "labor" in different societies the "general labor." The labor in the production of commodities is general labor that is expressed by labor generality under specific social forms. The duality of this "general labor" is the duality of the labor in the production of commodities analyzed by Marx: abstract labor and objective labor. Here, the actual form derived from the abstractness of labor is abstract labor and the actual form derived from the concreteness of labor is concrete labor.

With the above analysis, we can understand the Marxist theory of the duality of labor more concretely and correctly.

Let us first study the aspect of abstract labor in the duality of labor embodied in commodities. Some comrades hold that abstract labor belongs to the realm of perpetuity. Their grounds for argument are that "Marx pointed out very explicitly that abstract labor or general labor belongs to the realm that is 'applicable to all eras' even though the extent of its applicability may differ considerably in different eras." ("Outline of Political Economics," compiled by Xu He [1776 4421] and others, People's Publishing House 1973 edition, pp 13-14) It is true that Marx mentioned the words "applicable to all eras" but these words can in no way prove the view of these comrades. What Marx said is: "The example of labor explicitly

shows even in the most abstract realm that although the abstractness of this labor is applicable to all eras, the definition of the abstractness itself is also a result of the relations of history and it is fully significant only toward these relations and within these relations." ("Selected Works of Marx and Engels," "Preface to 'Critique on Political Economics'" vol 2, pp 107-108) I hold that Marx made himself very clear here. First, what he talked about is the realm of "labor" and not "abstract labor." "Labor" cannot be mixed up with "abstract labor." Second, what he meant is that "labor" is "applicable to all eras" and this assertion is totally correct. Man has to engage in productive labor for his survival; no matter what the form of production, man relies on labor for the basis of his existence. Therefore, this kind of labor without the content of its mode of production "is applicable to all eras just because of its abstractness." Third, Marx then pointed out that this labor that is "applicable to all eras" is also, according to the definition of abstractness itself, "a result of the relations of history." That is to say, labor can only be carried out under a certain mode of production. When we are talking about labor it is always referring to the labor at a certain stage of development; just like when we are talking about production it is always referring to the production at a certain stage of social development.

It is clear from the above analysis that Marx did not say that "abstract labor" is "applicable to all eras." How can some comrades regard abstract labor as "applicable to all eras?" I think the main reason arises from their interpretation of "abstract labor," that is to say, some comrades regard both abstract labor and labor as man's physiological labor force expenditure.

As mentioned above, the expenditure of man's labor force in the physiological sense is only manifested as abstract labor under certain historical conditions. That is to say, as Marx pointed out that "abstract general labor belongs to certain social relations." ("Collected Works of Marx and Engels," "Critique on Political Economics" vol 13, p 25) He further explained in "Das Kapital" that "all labor, in one aspect, is the expenditure of man's labor force in the physiological sense. But at the same time, it is equally regarded as labor of mankind or abstract labor of mankind to form the value of commodity." ("Das Kapital," vol 1, p 18) Here Marx pointed out the difference as well as the relations between the "expenditure of man's labor force in the physiological sense" and "abstract labor." All labor, whether it be labor under primitive communes or that under the wage system constitutes expenditure of man's labor force in the physiological sense including consumption of physical power, muscles, nerves and hands. I refer to such consumption as "abstractness of labor." But this "abstractness of labor" has different terms in different historical stages. Now the question is, under what conditions is labor "regarded" as abstract labor to form the value of a commodity? Apparently, it is only during the historical period in which commodities are produced and exchanged that the labor is "regarded" as abstract labor. Therefore, the abstractness of labor always exists within labor while abstract labor belongs to the realm of history and it is expressed in the relations of production of certain social forms; it is not labor under all social forms.

Some comrades have correctly pointed out the history of abstract labor, but they regard objective labor in the duality of labor as belonging to the realm of perpetuity. I think such a view is also open to discussion.

First, the "objective labor" mentioned by Marx refers to an aspect of the "duality of labor that is expressed in commodities" and not objective expenditure of labor under all social forms. Therefore, if we acknowledge that the labor in the production of commodities belongs to the realm of history, then we must also acknowledge that any aspect in the duality of labor must likewise belong to the realm of history. Abstract labor is contrary to objective labor. With a lack of any of the aspects there will be no duality of labor, just as there will be no "upper" without "lower" and no "left" without "right." Therefore, logically speaking, abstract labor cannot be considered as belonging to the realm of history just as objective labor cannot be considered as belonging to the realm of perpetuity.

Second, abstractness of labor must be distinguished from abstract labor. As mentioned above, any labor in human society is always the expenditure of man's labor under particular forms; materials are a premise for these activities which make use of the materials for certain purposes. The forms of the expenditure of such labor are limitless with various modes of labor. For example, the labor in sewing and the labor of a blacksmith are different in purpose, method of operation, tools used and production results. Consequently, various products are turned out to meet different needs of the people. Such is the objective utility of all labor, including objective labor in producing commodities. This is the general feature of both objectivity of labor and objective labor; but both are different in nature. To my view, the objective labor in producing commodities must be considered as having duality or dual roles. On the one hand, the objectivity of labor produces a useful thing. On the other hand, it is the mission of objective labor to produce not only a useful thing but also to produce goods with exchange value. It is none other than these dual roles of objective labor that decide the dual roles of the use value of commodities. We can see that objectivity of labor differs from objective labor. The former exists in any social form and turns out products; the latter exists in society with commodity production and produces products of labor for exchange. The former has no relations with "value" while the latter has such relations to become the material bearer of values. Marx said: "All labor is a form of expenditure of man's labor force for particular purposes. It is an objective and useful labor that produces use value." (Ibid) To my understanding, these words of Marx mean that the objectivity of such labor can be considered as use value of the commodities that are produced by the "considered objective labor"—material bearer of exchange value. Only under certain social conditions, that is under the historical conditions in which commodities are produced and exchanged. Therefore with regard to man's relations with nature, all labor is objective while objective labor is an expression of the objectivity of labor under certain relations. Objective labor exists along with the existence of the duality of labor in producing commodities. When commodity production vanishes, the duality of labor that is expressed in commodities will also no longer exist. Therefore like abstract labor, objective labor also belongs to the realm of history.

III

Why must we not consider abstract labor, objective labor and use value as belonging to the realm of perpetuity? The key reason is that we must not confuse labor generality of all society with the general labor in commodity production. Nor must we confuse products with commodities. If we discuss the perpetuity of abstract labor and objective labor without considering the commodities themselves,

then we will inevitably distort the Marxist theory of the duality of commodity and labor and gabble about the realm. This situation was opposed by Marx whose analysis of the duality of labor and the duality of commodities was close and inseparable. He never vaguely studied labor generality. He said: "When I am studying commodities, I do not confine myself to just investigating the dual form of commodities. On the contrary, I further affirmed that the existence of the duality of commodity is the expression of the duality of labor in producing commodities. That is, as labor of the consumption of labor force, no matter whether it is useful labor which is a concrete form of labor in creating use value or abstract labor, any mode of i.e. "useful" consumption...as it should be pointed out...use value always merits consideration only under this situation. That is to say, the result of this study came from analyzing a certain economic structure and not from gabbling about the concepts and words of "use value" and "value." ("Collected Works of Marx and Engels," "Comment on 'Political Economics Textbook' by A. Wagner," vol 19, p 414) To understand the meaning of these words of Marx is very important for us in correctly understanding the theory of the duality of commodities and the duality of labor.

If we confuse general economic relations with specific ones and confuse generality with individuality, we will not be able to correctly understand Marxist economic theory. It can be said that Marx was able to thoroughly criticize bourgeois economic theory primarily because he possessed scientific methodology. He paid great attention to methodology and expounded it on many occasions. Classical bourgeois political economists no doubt made a number of contributions to economic theory, but owing to the limitations of their class and the method of their study, they ended up in a blind alley. They simply analyzed labor and they did not know under what conditions and why labor products became commodities; they did not know that the labor in the production of commodities has duality and they were not in a position to distinguish labor from labor force. Consequently, they could not answer the questions about exchange between capital and labor, nor were they able to answer the questions why with a different structure of capital, the same amount of funds can make the same amount of profits. Thus they consequently failed in their study. Marx profoundly analyzed this situation and said: "Without exception, economists have neglected this simple fact: since commodity has a duality--use value and exchange value, so the labor that is expressed in the commodity also naturally has duality. But Adam Smith, David Ricardo and others solely analyzed labor and consequently they met with many phenomena that they were unable to explain. In fact, this is the whole secret of understanding problems critically." ("Collected Works of Marx and Engels," "To Engels (8 January 1868)," vol 32, pp 11-12)

Marx had all along paid attention to the realm of history in his study of political economics. In studying the realm of "labor" and "production," he not only understood their generality in all society but also primarily understood their particularity in various social forms. For example, when he was explaining "production," he said: "The reason for sorting out various definitions that are generally applicable to production is just to avoid forgetting the difference of nature when we are faced with unity (subjective object is man and objective object is nature, anyhow it is all the same, that a unity has appeared). And to forget this difference is where the whole talent of present day economists exists. These economists have proven that the present social relations are eternal and harmonized."

("Selected Works of Marx and Engels," "Preface to 'Critique on Political Economics'" vol 2, p 88) Classical economists then regarded capitalist society as an eternal social system and therefore they were not able to expound the law of social development. It is apparent that Marx's analyses on "production generality" and "general production" are applicable to "labor generality" and "general labor."

With correct methodology we can more easily understand that concrete labor, abstract labor and the use value of commodities all belong to the realm of history that is based on the economic conditions of commodity production and commodity exchange. The history of this realm is decided by the feature in the transition of commodity production. Without the particular historical conditions of commodity production and commodity exchange, the products no longer need to be exchanged and are therefore not commodities. Under this condition, it is no longer necessary for labor to express itself by roundabout ways. For example, in primitive society household labor done by peasants was not expressed as value and individual labor force played its role as common labor force. "The relations between labor and production are not expressed in the form of value, no matter whether before or after commodities." ("Collected Works of Marx and Engels," "To Karl J. Kautsky (20 September 1884)," vol 36, p 21) When labor is related to products and not commodities, the two factors of commodities and the duality of labor expressed in commodities then cease to exist. Therefore, when we are expounding the two factors of commodities and the duality of labor we must in no way depart from the fact that "with the existence of commodity exchange, there also exist certain social forms where commodities are produced." ("Collected Works of Marx and Engels," "To Werner Sombart (11 March 1895)," vol 39, pp 404, 406) I think it will be unscientific if, instead of analyzing problems in this way, we explain Marxist economic theory with a method that runs counter to Marx's methodology.

IV

It is of important theoretical and practical significance to correctly understand the two factors of commodities and the duality of labor.

First, to understand that the duality of commodities and labor belong to the realm of history is the basis for correctly understanding Marxist economics. Marxist economics expounds the objective law that capitalism will eventually be replaced by socialism. If we consider objective labor, abstract labor and use value of commodities as belonging to the realm of perpetuity, we will neither be able to expose all the contradictions of capitalism that are concealed in commodities, nor will we be able to understand the conditions for the emergence of capitalism, the movements experienced by capitalism and material and psychological objective and subjective conditions accumulated by capitalism for its own necessary extinction. Referring to the importance of understanding the theory of the duality of labor, Marx pointed out that it is not only the key point in understanding political economics but it is also a basic indication for revolution in economics. He said: "The best aspects of the book are: First, I pointed out in the first chapter that according to different situations, the duality of labor is expressed in use value or exchange value (this is the basis for a complete understanding of facts)." ("Collected Works of Marx and Engels," "To Engels (24 August 1867)," vol 31, p 331) We will be able to correctly understand the whole theory of Marxist political economics only when we have correctly understood the history of the two factors of commodities and the duality of labor.

Second, to understand the history of these realms is very important for understanding commodity production and commodity exchange under the socialist system. As commodity production and exchange still exists in our country, we must seriously study the features of socialist commodities, acknowledge their two factors and correctly understand their use value and the property of their "value," turn out products of labor that possess "exchange value," basically overcome mistakes of paying no attention to the use value of commodities, pay attention to both variety and quality of products, pay attention to gaining compensation not only in "value" but also in materials in the process of reproduction, pay attention to producing high quality and low cost products to meet people's various needs and pay attention to reducing labor consumption and turning out more products. In this way, we will be able to express the purpose of socialist production and effectively solve the problem of manufacturing low quality products in the lopsided pursuit of output value.

Third, to understand that the duality of commodity and labor belongs to the realm of history is also very important in studying socialist economics. Marx and Engels once predicted that there would be no commodity production and commodity exchange under socialism. They said that by that time, labor time would bear no relation to "value," that labor time would have a dual role of readjusting production and of being a criterion for distributing consumer goods. They also said that social relations between people's labor and the products of their labor would be easily understood with regard to both production and distribution. These views are important in guiding our work. How can the production of commodities be turned to the production of products? What will be then the duality of labor in producing products? All this demand us to act and study according to the principles of Marxist economics. Engels said: "Marx's whole world outlook is not religious doctrine but method. It does not provide existing dogmas; it provides a starting point for further study and a method for use in this study." ("Collected Works of Marx and Engels," "To Werner Sombart (11 March 1895), vol 39 pp 404, 406) We must follow this teaching and study economics with Marx's methodology to serve the revolutionary cause of the proletariat.

CSO: 4006

ECONOMIC PLANNING

ROLE, SCOPE OF INDIVIDUAL ECONOMY DISCUSSED

Shanghai JIEFANG RINAO in Chinese 22 Oct 80 p 4

[Article by Gai Zhu (5556 4554): "Exploration of an Issue: Is Slight Exploitation by Individual Economy Permissible?"]

[Text] Concerning the fact that individual economy, as a necessary supplement to socialist public economy, is beneficial in making up certain shortages in production and offers such advantages as enlivening the market, rendering convenience to the masses, promoting competition and enhancing avenues for employment, and concerning the necessity that such individual economy must exist on a long-term basis and acquire appropriate development, there are now more and more people who have achieved the pertinent understanding.

Is there any premise for the development of individual economy at present? It is now generally recognized that there is, indeed, such a premise, and that is the absence of exploitation of others. How should we discern this premise? It seems that this is a question worthy of our discussion.

There has emerged in our realistic life already this contradiction: in the case of certain trades in the form of individual economy, such as restaurants, hotels, sewing shops, etc., there is a constant tendency for them to feel short-handed because of sustained prosperity and pressing business activities, even if the whole family of a proprietor comes forward to help him out, and such a proprietor thus still sees the need to hire assistants to work with him—that is, to employ individual staff members and workers. Is this permissible? It seems that, along with the restoration and development of individual economy, problems of this kind are going to be increasingly encountered by us. According to the principle of "no exploitation of others," employing workers is obviously not permitted because such employment automatically suggests exploitation even if you employ only a single worker. Yet doing so is not going to facilitate the appropriate development of individual economy, nor is it going to give full play to the strong points of certain individual industrial and commercial proprietors.

In order to solve such a contradiction in practice, we must first solve the discrepancy in theory, and that is: is exploitation, after all, allowed to exist today? I feel that we should concretely analyze this question and not affirm or negate it at random.

The exploitative system has already been eliminated in our country; the capitalist class as a class also no longer exists. There are the fruits of victory of our revolution which must be consolidated. Today, we naturally must not allow the capitalists to reappear again; this is beyond any doubt. But the question is: will one be considered a capitalist simply on account of some slight exploitive conduct? In order to answer this question, we might read with profit a passage of discourse by Marx in his "Das Kapital":

"If this worker is himself in possession of the means of production and satisfied with the life of a worker, then it would be sufficient for him to have just the necessary labor time for reproducing his means of livelihood, such as 8 hours each day, and he would thus also need only enough means of production for 8 hours of labor. But, in the case of a capitalist, he would want a worker to labor, say, for 4 more hours of surplus labor beyond those 8 hours; under such circumstances, he would need a supplemental amount of money for the purchase of supplemental means of production. According to our assumption, he must use two workers in order to live the life of a worker by taking over the surplus value each day, i.e., to satisfy his requirements. In such a situation, the goal of his production would be merely to make a living and not to increase his wealth. But, under capitalist production, increasing one's wealth is a premise. In order to make his living better than that of a worker by only 100 percent and turn half of the surplus value thus produced into capital again, he would need to increase the minimum of his preinvested capital and the number of his workers to eight times the original amount and number. Of course, he, like his workers, can also directly participate in the process of production, but then he would have become merely an intermediate personality between a capitalist and a worker, or a small proprietor. When capitalist production develops to a certain degree, it requires a capitalist to use all his time as a capitalist, that is, his personified capital, on the take-over, and hence the control, of other people's labor, and on the selling of the products of such labor. The medieval guilds did their best to prevent handicraft masters from becoming capitalists, and hence limited the number of laborers each master could employ to an extremely small maximum. A possessor of money and commodities really became a capitalist only when the minimum of his preinvested capital considerably exceeded the medieval minimum. Here, as in natural science, is proven the correctness of the following law discovered by Hegel in his "Logic": that is, simple quantitative change eventually becomes a qualitative difference by a certain point." ("Complete Works of Marx and Engels," Vol 23, pp 341-343.)

This passage of Marx' discourse illustrates that a capitalist lives on his exploitation of the workers' surplus value, but persons who resort to some exploitative conduct are not all capitalists. Such persons may be capitalists or may be only small proprietors; there are two main points of distinction here. One is whether or not such a person participates in labor himself. A small proprietor does participate in labor personally, whereas a capitalist uses all his time on taking over and controlling other people's labor. The other is whether the amount of surplus value thus exploited exceeds a certain maximum. If it does, such a person would be a capitalist; if not, he is only a small proprietor.

In a word, a small proprietor and a capitalist belong to two separate class categories; the former belongs to the category of laborers, and the latter of exploiters. Therefore, we should not speak of the two in the same vein. As for a

handicraft master who takes on a couple of disciplines, he cannot even be considered a small proprietor, let alone a capitalist.

An idea similar to this was also expressed by Lenin. On the eve of the October Revolution, Lenin pointed out: "We cannot all of a sudden nationalize a small economy that hires only one or two workers, and we probably cannot even carry out real supervision by workers over such economies" ("Complete Works of Lenin," Vol 26, p 152). Here, what Lenin spoke of as a "small economy" was actually an individual economy. By pointing out that "we cannot all of a sudden nationalize" it, Lenin meant that it would have to exist for a rather long time; in contrast to the capitalist economy that needs to exploit others, this is obviously an altogether different kind of economy. It is likewise easy to see that we cannot draw a sign of equality between the "proprietor of a small economy" or the "proprietor of an individual economy" and a capitalist.

According to the discourses of Marx and Lenin, we can derive the following conclusion: Under socialist conditions, so long as the necessity of the existence of multiple economic elements continues, then it should be permissible for one to employ individual workers and practice some slight exploitation. Such a proprietor is still a proprietor of individual economy, still a laborer and not an exploiter. This point has been made clear in our policy of differentiating between various class elements in the past, such as between the rich middle peasants and rich peasants, and between independent laborers, small proprietors, and capitalists. What was prescribed by our policy at the time was this: the demarcation between rich peasants and rich middle peasants should be based on "whether income from exploitation exceeds the total annual income of one's family by 25 percent." "Free professionals, in order to carry out their own business activities, sometimes hire assistants or employees to help them out on domestic labor; people with this kind of hiring practice are not counted in the category of exploiters." Concrete policies should change along with changing conditions, but the spirit of their principle is applicable in the long run.

Is allowing proprietors of individual economies to hire individual workers a practice of capitalism? Of course not. There is an essential difference between an individual economy and a capitalist economy. In order to develop into a capitalist economy, an individual economy must be predicated upon such conditions as large-scale exploitation, employing of far more workers, a process of considerable accumulation of capital, etc. Under socialist conditions, all of these can be controlled economically, legally, and policy-wise. For instance, there should be a certain limit to the number of workers a proprietor of individual economy can employ, which is generally confined to one, two, or three persons; there must also be policy regulations as to the scale of operation, realm of operation, taxation, etc. There must be pertinent legislation in this regard. Thus, their legitimate interests can be protected on the one hand, and their illegal conduct would also be subject to limitation and punishment, so that individual economies can better play their role in the socialist course of development.

To sum up the above analysis, I am of the opinion that the appropriate development of individual economies should be based on the premise of their "fundamentally not exploiting others." That is to say, there may be some slight exploitation, but the amount of such exploitation and the number of workers employed should both be subject to limitation.

ECONOMIC PLANNING

DEVELOPMENT OF COLLECTIVE COMMERCIAL ENTERPRISES NOTED

Shanghai WEN HUI BAO in Chinese 7 Oct 80 p 1

[Report by staff correspondent Shen Jiqing (3088 0679 1987): "Once Economic Policies Are Relaxed, Collective Commercial Enterprises Develop Right Away--Municipal Bureau of Commerce No 2 Eliminates Unreasonable Restrictions, Improves Approach to the Distribution of Supplies and the Distribution of Labor Results, and Achieves Conspicuous Economic Results"]

[Text] In order to support the development of collective commercial enterprises, Municipal Bureau of Commerce No 2 has relaxed its policies, eliminated unreasonable restrictions, gradually treated them on the same basis as it did the state-run commercial enterprises with respect to the distribution of supplies, the distribution of labor results, etc., and thus achieved conspicuous economic results. From January to August this year, the operation income of collective commercial enterprises increased by 14.5 percent compared to that of the corresponding period last year, and their profits increased by 30 percent compared to those of the corresponding period last year.

There are 5,100 collective commercial and entrepreneurial enterprises under the jurisdiction of Municipal Bureau of Commerce No 2, with as many as 98,000 employees; they perform such helpful work as supplying food, extending services, providing tobacco and miscellany, providing auxiliary foodstuffs, etc. In the past, restrictions, through economic policies and inaction, to giving full play to the role of collective commercial enterprises made the operational conditions of collective commercial enterprises worse and worse; some units sustained serious losses as a result. After the convening of a municipal and regional retail work conference last year, the bureau overcame its inclination toward partially emphasizing state-run enterprises at the expense of collective enterprises and adopted many measures to support the development of collective commercial enterprises.

In order to strengthen its leadership over these collective commercial enterprises, the bureau established a special control division; the municipal and regional companies also established special organs or put special personnel in charge and placed the work of consolidating and developing collective commercial enterprises on the agenda of leaders at various levels. They also removed certain unreasonable restrictions and allowed the collective enterprises to purchase externally commodities which the wholesale departments failed to supply or supplied inadequately. In the first half of this year, various auxiliary foodstuff trades externally

purchased as many as 580,000 dan of meat-diet and vegetarian auxiliary foodstuffs; in the case of commodities in short supply, those supplied to the state-run enterprises were compressed, whereas those supplied to the collective entrepreneurs were increased.

The bureau also actively sponsored joint state-run and collective enterprises. In recent years, collective enterprises recruited large numbers of unemployed youths; a situation of surplus labor and excessive burden thus resulted. After the joint enterprises were established, they usually followed the practice of the state-run enterprise providing the ground and both sides supplying the capital in each case in order to change the situation of surplus labor with the collective enterprise. In the case of state-run enterprises making use of the properties and funds of collective enterprises, they cleared up one account after another, and thereby maintained the ownership of the collective enterprises over their own funds and properties.

The bureau's system also undertook to support the collective enterprises, improve their methods of distribution, and turn certain cases of loss into profit-making operations. At present, there are already 28 units adopting the new methods of distribution. For instance, the Jiangning cooperative canteen in Jingan District originally sustained a loss; from January to June this year its loss amounted to more than 3,700 yuan. In July, it began to put into effect the practice of paying basic wages "by making the major portion of the wages fixed, and putting the remaining profit on a percentage basis." Staff members and workers thus consciously arrived earlier than required to start work and left later than necessary to quit work, and thereby did enough business, increased varieties of their products, saved some of their operational expenses, and improved their attitude in service. In that same month, they turned their losses into profits. The state collected 891 yuan more in income tax, the collective drew 638 yuan of public accumulation funds, and staff members and workers each gained an average extra of more than 18 yuan.

9255

CSO: 4006

ECONOMIC PLANNING

'ACCELERATED DEPRECIATION' METHOD SAID UNSUITED TO CHINA'S ECONOMY

Beijing CAIZHENG [FINANCE] in Chinese No 1, Jan 80 pp 23-25

[Article by Zhu Minjie (2612 3046 2638): "Some Observations on Increasing the Depreciation Rate for Fixed Assets"]

[Text] Some comrades have recently written articles and reports in which they raise the problem of what they call the too low depreciation rate for fixed assets. They think this is a management method for small-scale production that freezes technical progress and is a policy that conflicts with the acceleration of the four modernizations, "killing the goose that lays the golden eggs." They think this situation must be speedily improved. They advocate that the depreciation period be drastically shortened and the depreciation rate be drastically raised, so that the whole or a part of the depreciation funds are kept or returned to the enterprises for their own allocation. We have some different opinions on this question and will probe into them here.

The fixed number of years for the depreciation of fixed assets we now operate under is somewhat long for houses and buildings, in some cases being 40 or 50 years; for machinery and equipment, it is somewhat short, in some cases being 10 or 20-odd years. According to the comprehensive depreciation plan, for the electronic and machinery industries, it is normally 25 years, and for the chemical and light industries it is normally 20 years, the depreciation period for old factories being somewhat shorter and that for new factories being somewhat longer. Compared with the present "accelerated depreciation" competitively practiced by all major capitalist countries, in which the fixed number of years for equipment depreciation has been shortened to 10, 8, or 5 years, our depreciation period is long and our depreciation rate low. Based on the existing state of affairs in our country, however, if we were to shorten the depreciation period for fixed assets to 10 years, practicing "accelerated depreciation," the following two problems would arise.

1. "Accelerated depreciation" increases product cost, reduces the income to the financial administration, and causes a great deal of waste.

In capitalist countries, the goal of the monopolistic enterprises in accelerating the depreciation of fixed assets is to increase capital accumulation and stimulate capital investment. They pass the higher cost of products caused by increasing the depreciation of fixed assets onto the product users and consumers. We are

socialist state-operated enterprises and cannot arbitrarily pass the increased cost of products caused by raising the depreciation on fixed assets onto the product users and consumers. The result would be that we would use reduced state income to increase the renovation funds for state-operated enterprises. The fixed assets of the entire country are worth several hundreds of billions of yuan; if the depreciation rate were to be raised 1 percent, that would involve several billions of yuan, and if it were raised by 5 to 6 percent, that would involve several tens of billions of yuan. This would have a great effect on the state's accumulation of funds. Therefore, viewing the present state of affairs in our country's economy, "accelerated depreciation" is not wise.

Also, looking at the financial resources and the technological and economic conditions in our country now, there are difficulties in "accelerated depreciation." Our country is large and populous; its base is thin and its foundation poor. In Shanghai, old factories account for about 65 percent of the total, and their equipment stems from the forties and fifties decades. There is not the financial power, material power, or technological conditions to replace all of them. For example, a certain shipyard had six large roller berths [guanchuang 6547 1643] that were products of 1950's. In 1975, it was planned to replace one of them and a certain machinery plant was commissioned to manufacture a new one. The cost of manufacturing one roller berth was 2 million yuan, and 500,000 yuan were paid when the contract was concluded, but in the 4 years up to now the roller berth has not been built. If things had been done according to the theory of "rapid depreciation," all six of the roller berths would have had to be replaced, and, in that case, the shipyard would have been forced to import them from abroad. Much of that shipyard's equipment is several decades old and should be replaced, which would mean an investment of several hundreds of millions of yuan. Therefore, based on the fact that in our country there are many old factories in which equipment is obsolete, we must, with regard to old equipment, in a planned and step-by-step way, integrate renovation with equipment overhaul and do our best to make full use of existing equipment.

That being the case, is the present depreciation on fixed assets too low, thereby affecting the renewal, transformation, renovation, and tapping of potentialities of the enterprises' fixed assets? There are two aspects to this question: From the standpoint of our country's present economic situation and technological conditions, the current depreciation rate on fixed assets cannot be reckoned to be low. Looking at the average depreciation rate on the fixed assets of state-operated enterprises in the Shanghai area in 1978, the depreciation funds recovered were three times the worth of the inventoried scrapped fixed assets. After deducting 50 percent of this amount for delivery to the higher authorities, the depreciation funds kept by the enterprises were still 1.5 times the value of the fixed assets inventoried as scrap. The main reason that it is now said that the depreciation rate is low and the renovation funds insufficient is that a lot of these funds are used for carrying out capital construction and for building new enterprises.

In speaking of specific units, two kinds of situations must be distinguished: One is that in old enterprises and small factories, where equipment is outmoded, the value of fixed assets is low, the amount of depreciation funds deducted from them is small, and, after part of these funds is handed over to the higher levels, the

amount of the depreciation funds kept by these enterprises appears somewhat small. At present the method of "taking from the fat to pad the lean" is practiced, i.e., the problem is solved by the help of high-grade special credits and technical measure loans and the results are fairly good. For example, the fixed assets of a certain metal products factory were valued at 315,000 yuan in 1971, and at the end of 1978 this figure had risen to 980,000 yuan, a 2.1-fold increase over the original figure. In these 7 years, the depreciation funds kept by this enterprise did not amount to 100,000 yuan, the remaining over 500,000 yuan being in the form of high-grade credits and technical measures loans. This caused this small factory to double and redouble its production and to hand its finances over to higher levels, to greatly improve labor conditions, and to greatly raise the rate of labor productivity. If the fixed number of years for depreciation had been shortened to 10 years and all the depreciation funds had been retained by this factory for its own allocation, then each year the value of the fixed assets would only increase by 300,000-odd yuan, but, by "taking from the fat to pad the lean," each year the value of fixed assets could, on average, increase by close to 100,000 yuan.

The other situation is that, speaking of the majority of newly built large and medium-sized enterprises, the amount of depreciation funds kept is not low, but these funds are not used properly and are wasted. In 1978, for example, a certain boiler factory recovered 3.34 million yuan in depreciation funds, which was 4.8 percent of the production costs. If the fixed number of years for depreciation had been shortened to 10 years, the depreciation funds for 1 year would have risen to 8.5 million yuan. And then how would the fixed assets of this factory be used? In 1978, the total output value for every 100 yuan of fixed assets was 98 yuan 3 jiao, a drop of 23 yuan 4 jiao compared with the average of the previous 7 years. State investment has increased year by year. In 1978, the unused fixed assets amounted to 3.57 million yuan, which was 6.2 times that of 1971 and 2.9 times the average over the previous 7 years. In the years 1971 to 1978, this factory spent altogether 20 million yuan in technical measure funds, and it is said that their actual effort was really only 30 percent of that figure. There was a numerically controlled boring and casting machine which was planned to cost 80,000 yuan but for which nearly 300,000 yuan were actually spent. The machine, in operation only a few days each month, frequently broke down. A 240,000-yuan precision numerically controlled boring machine, part of the equipment purchased abroad, and a 260,000-yuan imported symmetrically surfaced lathe that arrived 4 years ago have not been used yet. Owing to a lack of experience in designing, a lack of careful thought, and the many changes in plans, some projects that have not yet been complete have been treated as scrap. For example, last year 32 projects, on which 370,000 yuan had already been spent, were canceled. In the winter of last year, during Western-style production, much of the over 2,000 tons of scrap steel cleared out by the workshops was scrapped products for technical measures. Waste in the use of funds for technical measures is extremely serious. For example, a certain turbine plant had a special-use fund of over 10 million yuan for unfinished projects. It recently carried out a calendar-year inventory on the cost of trial-manufactured items--technical measures items, scientific research items, and new products--and canceled, after verifying that they were losses, 97 items on which 3.72 million yuan had already been spent.

Another problem caused by the enterprises keeping an excessive amount of funds is that little consideration is given to unified plans, and this is detrimental to

specialized coordination. The portion of these funds for which plans are made by the enterprises themselves is not brought into line with the state plan, and so it is unavoidable that arrangements will be made blindly for certain items and, proceeding from the requirements of the unit itself, "large and complete" and "small and complete" practices will be carried out.

Many large factories now, from production to maintenance and from casting to processing, link up the parts to form a whole, asserting that they must do so, do not ask for help, manage things smoothly and use things conveniently. Speaking of the casting industry, Shanghai's casting capacity has already exceeded its production requirements, but casting workshops in many factories are still increasing investment, enlarging production sites, and adding new equipment. This creates waste on the investment side and boosts the cost of casting products, even to the extent of causing losses.

The above problems can be blamed on an unequitable retention of an excessive amount of depreciation funds, because this touches upon many concrete problems. It only shows that, in current economic management, the more funds the enterprises keep for themselves, the greater the waste. Therefore, many finance personnel in large factories say: It is a good measure to transmit part of the depreciation funds to the financial administration as, thereby, waste can be reduced. Therefore, the main problem now is not to make "rapid depreciation," universal but to strengthen the management of renovation funds, conscientiously inventorying the projects under construction that are paid for out of special-use funds, raising what should be raised and lowering what should be lowered, striving to insure that utilization of special-use funds pays due regard to economic results and that the money is used where it is needed most.

2. "Accelerated depreciation" is detrimental to the readjustment of the capital construction front and intensifies the loss of proportion in the national economy.

In adjusting capital construction, the main thing is to solve the problem of "long, dispersed, chaotic, and costly." The problem now existing in technical measures is the same as that in capital construction. First, the front is long, the forces dispersed, and the unfinished projects numerous. During last year's inventory of technical measure items, it was discovered that the incidence of "bearded" projects that had been underway for 3 or 5 years and yet were unfinished was extraordinarily widespread. For example, a certain shipyard, at the end of July 1978, had 326 unfinished technical measure projects on which 10.25 million yuan had already been spent. Among them were 122 unfinished projects dating back to before 1975, their total cost being 4.73 million yuan. Out of 124 lathes manufactured for foreign cooperation, 105 were not up to quality specifications and the supply section would not accept them and put them on account. Second, the arrangements made for many technical measure items are unrealistic, the investment being large but the results small. The "fishing" method used by workshops and departments is a scramble for investment and for projects. When making plans, they always talk about how important their own projects are and how good the economic results will be, and funded programs are, as far as possible, pressed. Owing to the fact that examination and verification are not strict and that management is chaotic, after items are approved, the workshops and departments are given a free hand and funds are not controlled; they can get whatever materials and equipment they want--"If there is a lot of flour, they add water,

and if there is a lot of water, they add flour"--which causes the projects to become bigger and bigger, standards to become higher and higher, and the funded programs to be overrun again and again. Take, for example, a project for an electroplate assembly line at a certain electromechanical plant, an assembly line which originally was operated by six persons, and which, after being automated, it was said, would require only three persons to operate. The planned cost for this automation was 30,000 yuan, but, after construction began, 30,000 additional yuan were added retroactively, and, after being in operation for 2 years, over 200,000 yuan had been spent on it; of this amount about 100,000 yuan were paid to specific enterprises for labor and materials--spending, for example, over 30,000 yuan for ground-paving work done by a commune-production brigade enterprise in another province--so that the cost for the entire item was considerably higher than planned.

With many projects and dispersed forces, if the construction force is insufficient, then there are gaps in materials and equipment. This encourages the unhealthy tendency to get things done by pull and to exchange material things, giving ideologically impure persons an opportunity they can take advantage of. In our work we have discovered that, in the external cooperation entrusted by state-operated enterprises to specific units, false reports of work hours are made, work costs are padded, fraudulent claims are made regarding work and materials, quality is poor, prices are high, and there are many cases of graft and embezzlement--all these cause losses and waste of state property. They are also the adverse consequences of there being too many projects and too long a front.

A single technical measure project now not only costs several thousands or several tens of thousands of yuan: some large ones cost several hundreds of thousands, several millions, and even over 10 million of yuan. In Shanghai alone in 1978, there were over 300 large technical measure projects that cost 1 million yuan or more each. The number of technical measure projects must be larger than that of capital construction projects. If the capital construction front is shortened, investment in capital construction falls and the depreciation rate on fixed assets is doubled and redoubled, then the depreciation funds kept by the enterprises themselves must increase several times and the result will be: the reduced large capital construction will be far from being able to prop up the expanded "small capital construction," so that the limited funds cannot be concentrated for full utilization. Therefore, "accelerated depreciation" is detrimental to the shortening of the capital construction front and to the readjustment of the national economy.

Let us look again at the readjusted proportion of investment. There are two aspects to the readjustment of capital construction: one is a readjustment of the scale of capital construction, and the other is the readjustment of the direction of investment. If we want to adapt the scale of capital construction to the existing financial, material, and human capacity, the projects must be heightened or lowered, increased or decreased. And, in the projects now under construction, the proportion of heavy industry, in which the gap between investment plans and investment results is fairly large, while the proportion of light industry, agriculture, and other industries, in which investment results are fairly good and in which the state plan for the people's life urgently needs is fairly small. Therefore, the direction of investment must be properly readjusted. Most heavy industry was newly built after the First Five-Year Plan. Its

proportion of the investment is large, the value of its fixed assets is high, depreciation recovered from its fixed assets is large, and its production equipment and work force is abundant, but its investment results are low. Take, for example, four large machinery plants in a certain area. The original value of their fixed assets in 1978 was over 616 million yuan, and the total output value of each 100 yuan of fixed assets was 72 yuan 6 jiao. This was the lowest level in history of the four plants, being 15 yuan 3 jiao lower than the average in the period from 1973 to 1977. In 1978, their profit was 110 million yuan, and the profit for every 100 yuan of fixed assets was 17 yuan 8 jiao, 5 yuan 1 jiao lower than the average for the previous 5 years. In 1978, they recovered over 22 million in depreciation funds, and after handing over to the financial administration and the responsible bureaus the monies due, the enterprises were left with about 8 million yuan, and with other additional credits, it did not appear that the funds the four plants could use in 1978 were tight. If the fixed number of years for depreciation had been shortened to 10 years, then these four plants would have in 1 year recovered 56 million in depreciation funds, still more than the total fixed assets of two plants that manufacture large light industry products. The fixed assets of the two light industrial plants were worth over 50 million yuan at the end of 1977, and their profit was over 105 million yuan. Of the total output value of 739 yuan 6 jiao for every 100 yuan of fixed assets, the profit was 211 yuan 3 jiao. Compared with the four large machinery plants, the two large light industrial plants had 8.3 percent of the former's fixed assets, but their output value amounted to 82.9 percent and their profit to 100.79 percent of those of the former. The benefits from investment in light industry were better than those from investment in heavy industry. These plants are small. Even if "accelerated depreciation" were adopted, they could not increase these funds very much and production also could not develop very rapidly. Therefore, in the recent several years, these two light industrial plants have annually invested about 6 million yuan, most of it in the form of high-grade credits and technical measure loans, and this has led to a sharp rise in output, a satisfying of market requirements both here and abroad, and a large accumulation of funds for the state. These plants are small, and they recover few funds from depreciation. If they were to adopt the method of "accelerated depreciation," these funds could not increase very much and production could not develop very rapidly. Therefore, the hopes of small plants lie in "taking from the fat to pad the lean" and not in "accelerated depreciation." In 1978, with regard to Shanghai's machinery industry, the figure for the fixed assets of completed projects paid out of special funds or small technical measure loan funds was 2.25 times the figure for the depreciation funds retained by the enterprises for their own use. With regard to light industry, the figure for the depreciation funds retained by the enterprises for their own use was 3.73 times the figure for the depreciation funds retained by the enterprises for their own use. This shows that only by adopting the method of "taking from the fat to pad the lean" can the wide gap between the "fat" and the "lean" be gradually narrowed.

9727

CSO: 4006

ECONOMIC PLANNING

CAUSES OF SLOW FACTORY RENOVATION EXAMINED

Beijing CAIHEING (FINANCE) in Chinese Vol 1, Jan 80 pp 16-20

[Article by Hu Jing (5170 7234) and Wang Chengyao (3769 6134 1031): "What's Holding Back Factory Renovation?"]

[Text] Our country now has enterprises that are the starting point and standpoint for realizing modernization, are the foundation for making progress. There are many old factories among the present 350,000 industrial enterprises. To utilize the old factories by tapping their latent potentialities for renovating them so that they play their full role is the only way to quicken the pace of modernization, and is also an extremely important problem in the current implementation of the policy of "readjusting, restructuring, consolidating, and improving," thereby readjusting the unbalanced proportional relationship.

For many years, the renovation and transformation of the technology and equipment of old factories has been very successful. Many enterprises as well as certain trades have persevered, on their original foundation, in making continual renovations, expanding several ten-folds their production so as to promote the saving of a large amount of fuel, motive power, and raw and processed materials, the raising of product quantity and quality, the increasing of product variety and assortment, thereby transforming the old foundation into a "base" that possesses a considerable level of modernization and that makes valuable contributions to the state.

However, there is no denying the fact that the process of renovating old factories is fairly slow. When the entire country was liberated we took over old factories in which the machinery and equipment were old products of the thirties and forties decades and some of even earlier decades. During the period of the First Five-Year Plan, the 674 projects to be newly built or expanded, centering on 136 key projects, were factories that were already over 20 years old. Some strongly corroded production equipment caused a lot of waste, and some production equipment had been in use for many years and was obsolete. For these old machines and equipment during these years there was some fairly good renovation, and, although the brands were old, their main parts had been changed so that they were able to maintain or even greatly surpass their original efficacy; some machines and equipment had not been renovated very well, and some were too old and worn, making it difficult to continue to use them, and they were in urgent need of renovation or even elimination and replacement.

There is the very serious situation in which the old factory buildings are narrow and small and have been in disrepair for many years. For example, in Shanghai Municipality there are over 1 million square meters of dangerous buildings. Among them the most prominent are those in the light industry system.

The tapping of the latent potentialities of an enterprise is closely connected with its renovation, and they mutually affect, condition, and promote each other. Getting a tight grip on enterprise renovation can tap infinite latent potentialities. If we do not do this, the role played by the enterprises will necessarily be affected. At present, the slowness of the process of renovating old factories is a serious issue in our economic life.

1. Is the Slowness of the Renovation Process Caused by Too Few Funds?

What is the main reason and crux of the slowness of the process of renovating old factories? The prevalent argument in press articles at present is, in a nutshell, that there are too few funds for renovation. Some comrades say that now "many departments of the national economy, in tapping the latent potentialities for renovation, increase the productive capacity for short-line products, universally felt that they lack the necessary funds." Some comrades say that one must rely on the "law of rapid depreciation" and immediately shorten the fixed number of years for property depreciation to be at the most no more than 10 years and to raise the depreciation rate to 10 percent and higher. We think this way of looking at things is somewhat one-sided and does not fit objective reality.

The fact is that the funds our country uses each year to tap the latent potentialities for renovation are definitely not small; moreover, following the increase in the state's financial capacity, these funds grow year after year. Generally speaking, given our country's level of production and technology, they are comparatively suitable. In the 25 years from 1954 to 1978, the sum total of funds used by the state to tap the latent potentialities for renovation were equal to about half the total value of industrial fixed assets. Of them, the state's financial allocations were about 27 percent; the depreciation funds kept by departments and enterprises were about 68 percent; and the banks' technological measures loans were about 4 percent. These three items of renovation funds have increased year after year, and now, on average, they are 40 times greater than that of the First Five-Year Plan period. Again, comparing the state's funds for tapping the potentialities for renovation with the investment in capital construction, the former was a little less than 2 percent of the latter in the First Five-Year Plan period and has now risen to about 40 percent of the latter. In some areas, departments, and enterprises, the amount of renovation funds even surpasses that of capital construction investment. Looking at this large amount of renovation funds and at our country's present financial capacity and material resources, how can one say that the funds are small?

In recent years, looking at the results of the state's using funds for tapping the potentialities for renovation, the funds certainly were not lacking, but a large amount of them were not spent. The depreciation funds and all the measures allocations collected by industry nationwide have a remaining balance of several billion yuan in the banks. In 1978, in Shanghai Municipality, all the allocation items for technological measures examined and approved by the municipal planning commission and various central ministries and commissions, after allocations for

construction were made by the banks, were only 47 percent of the allocations planned for what should be done. A total sum of over 200 million yuan in renovation funds were not spent because there were no goods and materials. The municipality's total surplus in renovation funds at the end of 1978 had reached over 600 million yuan and of this amount about 300 million yuan, which could have been used, were deposited in banks. This fully makes clear that the slowness in renovating the technological equipment of old factories cannot be sweepingly attributed to only being because there are too few funds.

We think that a big rise in the depreciation rate is not in keeping with our country's development of production technology or the state's financial and material resources. As everybody knows, depreciation funds are collected in order to provide compensation for the wear and tear on fixed assets so that when their service life expires there will be funds for renovation, thereby insuring the continuance of normal production. The depreciation charge is a component part of the product's cost and is closely related to an enterprise's profit and product price. The level of the depreciation rate and the amount of funds for depreciation directly affect the total amount of the state's financial income and the proportional distribution of accumulation and consumption in the total funds, and is related to the national disposition of society's goods and materials. Their determination must fit the actual conditions of the tangible and the intangible wear and tear on fixed assets; fit the development of production technology and the supply of goods, materials and equipment; and, within the possibilities of the state's financial resources, fit the special features and requirement of China's style of modernization. How to fix the depreciation rate so that it is comparatively suitable depends on the objective economic situation at the time, has its own fixed laws, and is certainly not subject to one's subjective desires, setting it as one thinks it should be set. Setting the depreciation rate very low is, admittedly, bad: the technological equipment cannot be renovated, creating a situation of "living on one's past gains" and wrecking reproduction, thereby seriously affecting the realization of the four modernizations. Likewise, setting the depreciation rate very high, to the extent of adopting "rapid depreciation," can also affect the speed of reproduction and reduce the capacity to improve the people's material and cultural life, and is not in keeping with the country's actual situation.

Some capitalist countries practice "rapid depreciation" when there is over-production, using it to encourage capitalists to make investments, accelerate the recovery of funds, and remedy capitalism's economic crises, using it to help capitalists to evade tax burdens and rake in the largest profits. Moreover, it is limited to certain industrial sectors, certain industrial equipment, and "rapid depreciation" is not practiced in all industrial sectors, all industrial equipment. Take for example, America, where industrial production is highly developed. Although "rapid depreciation" is practiced for part of the industry and equipment, the average depreciation rate at present in the industrial system there is not over 8 percent. The depreciation rate in the Soviet Union is even lower: beginning in 1978, from the 3.2 percent in the past, it has risen to the present 3.6 percent. What is the situation in our country? Now, what the state enterprises recover by the depreciation charge of fixed assets is about 4 percent of the original value of the fixed assets. In this, the service life of machinery and equipment used in housing construction is fairly long, but the funds needed for renovation actually do not exceed 2 percent. In this way, the renovations funds

for machinery and equipment are actually 5 or 6 percent of the original value of the fixed assets. In particular, the state also has additional special allocations and credits for renovation. Thus, by contrast, our country's current depreciation rate is certainly not very low.

Obviously, in our country, there are changes in the structure of fixed assets. Under conditions in which the growth rate of machinery and equipment exceeds the growth rate of housing construction, and there is an accompanying development of social productive forces and a rise in the profits of enterprises, it is necessary to gradually raise the depreciation rate a little. However, if we unrealistically exceed the actual degree of wear and tear on fixed assets by excessively raising the depreciation rate, e.g., to 10 percent or more, thinking of renovating the technological equipment in all the enterprises once every several years, then this would be breaking away from our country's present levels of production forces and technology and could not be borne by the state's current financial and material resources. During the period of the First Five-Year Plan, all the funds used by tapping the potentiality for renovation only amounted to 5.6 percent of the total profit of the enterprises. Afterward, this figure rose year by year: in the Second Five-Year Plan period it was 12 percent, and was readjusted in the third year to 18 percent; in the Third Five-Year Plan period it was 23 percent; and in the Fourth Five-Year Plan period 30 percent, reaching 30.4 percent in 1978. If we raise the depreciation rate to 10 or more percent, which would be 1.5 times greater than the present level, then the shared cost of the depreciation charge will increase and the profits made by enterprises will correspondingly, on average, be reduced by about a third. This would necessarily affect the state's income, and then how could all the items of the state's essential expenditure be guaranteed? The series of expenditures set aside from an enterprise's profits for awards for its staff and workers and their collective welfare and for the development of production--how can these funds be guaranteed? If one wants to keep these financial resources from being affected, then there must be very high labor productivity that raises the output value profit from its present approximately 15 percent to 20 percent and above. This cannot be done in a short period of time. Next, it is also difficult to guarantee the supply of materials and equipment. The reason is that renovation requires important means of production such as machinery, equipment, and the "three materials." And the materials objects that represent profit are certainly not all these things and even are mainly not these things. Therefore, we cannot in this short a period provide the materials and equipment to effect an overall renovation. If we do not take into account objective economic conditions, and manage with great effort to do this, we will only wreck the correct ratio between accumulation and consumption, wreck the overall balance between funds and materials, and create serious confusion in the entire national economy.

2. Analysis of the Causes of the Slowness in Renovating Old Factories

Then, in the final analysis, what are the causes of the slowness in renovating the technical equipment of old factories? We think that the main causes are that the frontline is long, the items are many, the strength is scattered, the management is chaotic, the waste is great, and the results are lacking. The number of started but not finished renovation projects increase year by year, and the economic results of the money used for renovation become more and more lacking. The cause of the appearance of this phenomenon is many-sided. First of all, the

disruption and damage done during the long period of Lin Biao and the "gang of four," where they pursued an ultraleft line, wrecked production and construction, the planned economy, and the overall balance, bringing the economy to the brink of collapse. Under this kind of objective situation obviously one cannot talk about how to carry out the renovation of old factories well. Next, owing to our insufficient understanding of the importance of renovating old factories, our insufficient attention to it, and the lack of an overall plan, we have not paid attention to the necessary overall concept and the implementation of the enterprises' "five determinants"; plans, materials, finances, enterprise management systems, and economic development are disharmonious, full attention has not been paid to doing things according to economic laws, and management work is chaotic. Therefore, although there are plenty of funds for renovation, a large part of them have not been used in the most necessary places. The funds urgently needed by many factories for renovation have not been obtained in the amounts proper for this renovation, money and materials have not been integrated well, the role of these funds in effecting economic results cannot be fully played, and all this affects the process of renovating old factories. We now will make a little concrete analysis of some principal problems.

1) Lack of unified overall plans for renovation.

According to a nationwide general survey in 1978, out of nearly 40,000 construction projects for tapping the potentialities of renovation that cost 50,000 yuan or more, only 600-odd were arranged by state plans. The great majority of the rest were not listed in state plans and, in general, were only approved by competent authorities at various levels, and a small number of them were arranged by the enterprises themselves. In many areas, there exists a situation in which "items are not planned, programs are not designed, examinations and approvals are not regulated, funds are not limited, and results are not checked. "This disorganized state of affairs has seriously affected the state's full utilization of its limited funds and materials and has created a great deal of waste.

Owing to the lack of a unified plan and an overall program, the "frontline" has been stretched too long. Many of the projects arranged do not meet actual requirements. There are many "fishing" projects in which gaps remain in the funds and materials given. Before old projects are completed, new ones are started. Many projects, owing to insufficient funds, materials, equipment, and construction forces, cannot be completed and put into operation and for a long time and cannot form productive capacity, so that the rate of increase of projects being constructed but not yet completed is faster than the rate of increase of renovations, and there is a large batch of materials and funds that are thrown away into places outside the production process. According to the statistics of a 1978 nationwide general survey, the total investment for the nearly 40,000 projects costing 50,000 yuan and more that were under construction was over 20 billion yuan; in 1977, the investment in these projects completed was only over 8 billion yuan. The general survey at the time showed that investment in all completed projects was over 10 billion yuan. Many of them are big items that have already been under construction for 3, 5, and even more than 8 years. Owing to the fact that the time of construction for some projects has been too long, their economic value has dropped more and more, even to the extent of actually being abandoned.

Some areas and departments, when using special foreign exchange investment credits and allocated funds to import technology and equipment from abroad, seek "foreign and complete" technology and equipment or, losing contact with reality, import them blindly; or, each doing things its own way, duplicates the imports; or the items not forming a complete set, do not achieve production capacity; or, not paying attention to "digestion," there is a delay in finding a place for the equipment and it is not used; or the raw materials for projects are not determined in advance and they cannot be put into operation; or, not being able to install the equipment, at their convenience, it is lost or discarded; or even some, when importing the technology and equipment, do not properly dismantle the original old equipment and thus wreck the original productive capacity.

2) Lack of the necessary overall balance between funds and materials.

If one does not take seriously the work of effecting an overall balance, money and materials as well as construction forces cannot be integrated. There will either be funds but no materials, or materials but no funds, or there will not be enough construction force, or the site will not be determined in advance, or there will not be enough natural resources. This will lead to chaos in the utilization of funds and materials, a slowing of the rate of construction of the projects, and a lack of economic results.

According to the 1978 nationwide general survey, the average construction site expenses consumed 1.6 tons of steel products, 3.4 cubic meters of wood products, 5 tons of cement, and 4,800 yuan worth of additional equipment and materials. It requires this large a quantity, but with the material supply channels being unreliable and the gaps in the targets transmitted by the state to lower levels being very large, the supply cannot be carried out. At present, in renovation, the management systems for funds and materials are out of line. The departments that check and approve the supply of funds frequently take account of funds but not materials. In distributing funds, it is also a case of "basic construction comes first, production second, and nobody bothers about renovation." This means that in areas where conditions for supplying materials are fairly good, the materials supplied annually for technical measure projects only meets about 30 percent of the necessary amount. In areas where conditions are fairly poor, this figure is even lower.

Originally, the depreciation charge on fixed assets had to be used on technical measures projects such as factory buildings and equipment in order to raise production efficiency, increase product variety, improve quality, and reduce consumption in enterprises that had already been built. Now, however, a very large part of the depreciation charge has been shoved aside by other uses, in particular for carrying out basic construction and for building new factories and new workshops. In 1978, for example, over 2 billion yuan of the 2.4 billion yuan amassed by the central responsible departments were used for basic construction. It is estimated that a third of the funds for renovation controlled by local responsible departments was used for basic construction. Owing to large gaps in the arrangements made by the higher levels for basic construction, the "tail" of basic construction project is long and the enterprises must make their own preparations, and some even have to provide the funds for capital construction, pressing the enterprises to pick up the delivery of goods, and forcing them to

divert part of their own depreciation charge to make up for the gaps in capital construction.

3) Lack of enterprises' right to make decision on renovation

Although the state's entire fund for renovation is large, the amount that an enterprise has the power to allocate for renovation is fairly small. In 1978, renovation funds in the form of credits and loans transmitted to lower levels throughout the country amounted to 30 percent of the total renovation funds. This part fund had been examined and approved by the central and local responsible departments, and they assigned the projects, "choosing the food to be put in the cooking pot." And 50 percent of the depreciation charge had to be handed over to higher levels. Of the remaining half, the enterprises' responsible departments took 20 to 30 percent, so that the enterprises were left with only 30 or 20 percent of the recovered depreciation charge. To put it in another way, the depreciation charge kept by the enterprises actually was only 1 or 2 percent of the original value of the fixed assets. Moreover, out of this part depreciation charge kept by the enterprises a portion was extracted to make up for the gaps caused by the higher levels not allocating sufficient funds for capital construction and assigned technical measure items. Thus, the amount of funds that the enterprises had the power to allocate for use on their own accord was even smaller.

Especially, in those old or small factories and some light industrial and textile enterprises in which the fixed capital is small, the depreciation funds recovered according to a uniform rate are correspondingly small. The funds kept by the enterprises for which they have the power to arrange the distribution are even smaller, and the funds they can use for the renovation of their own technology and equipment are truly minute. Thus, if we only rely on the small financial power of the enterprises themselves, it will even be difficult to make up for the normal loss caused by wear and tear on material objects, and even less can we talk about making up the invisible loss.

4) Lack of economic responsibility for and of the the necessary supervision and checkups on the use of funds and fixed capital.

At present, with regard to renovation projects, there is a lack of a strict and impartial management system and a lack of supervision and checkups on examination and approval, use of funds, supply of materials, checkup on projects under construction, checkups and acceptance of completed projects, investigation of the effectiveness of the funds used, managed utilization of fixed capital, evaluation of and rewards and penalties for good or bad results, etc. This affects the giving of full play to the results of using renovation funds and affects the entire process of renovation.

In short, even if the reasons for the slowness in renovation of our old factories is many-sided, speaking of the present situation, the crux of the problem is mainly this: There is insufficient attention paid to this important and formidable task. The state lacks a unified plan, comprehensive program, and overall balance. Materials are not guaranteed, and many funds are shoved aside for capital construction. There is a lack of doing things according to objective economic laws. The necessary power of enterprises to make their own decisions is

small, and power, responsibility, and interests are not integrated. There is a lack of a strict and impartial system for supervision and checkups, and the management of the work is chaotic, and therefore there are fairly poor results in the utilization of funds.

Focusing on these conditions, we think that getting a good grip on handling well the renovation of old factories certainly does not lie in increasing the funds for renovation but in really looking at it with the necessary seriousness and deciding on medium- and long-range plans and a comprehensive program suited to reality, and then putting them into practice in the enterprises, so that there will be an overall balance in the handling of funds, materials, and equipment as well as the construction forces insuring the supply of materials and equipment, insuring that the renovation funds will not be shoved aside for other purposes. This will be advantageous for distinguishing importance and urgency so that the work will be conscientiously done in a planned, step-by-step and down-to-earth way. The key lies in properly enlarging the enterprises' power to make their own decisions in carrying out renovations, to take the corresponding economic responsibility. The key lies in developing the role of finance and banking departments, in promoting and supervising the renovation of old factories; and, with regard to the allocation and utilization of renovation funds, to carry out the planned necessary adjustment, to improve and perfect all the management systems, and to fully develop the economic results of using these funds.

9727

CSO: 4006

INDUSTRY

INCREASED INDUSTRIAL OUTPUT VALUE REPORTED

Shanghai WEN HUI BAO in Chinese 7 Oct 80 p 1

[Report by staff correspondent: "This Municipality's Third Quarter Industrial Output Tops That of Corresponding Period Last Year—Various Industrial Departments Sum Up Experiences and Concentrate Energy to Grasp a Good Fourth Quarter Output"]

[Text] The total industrial output value of Shanghai's industry and communications system in the third quarter increased by 6.9 percent over that of the corresponding period last year.

This municipality has gradually changed the structure of its light and heavy industries. From January to September this year, light industrial output value of the entire municipality increased by 13.4 percent over that of the corresponding period last year, exceeding the rate of increase in the heavy industries. The ratio of the light industrial output value in the total industrial output value has now increased to 51.7 percent. In the entire municipality, the output of 66 products has scored an increase over that of the corresponding period last year; among these, the increase in the output of 35 products, such as televisions, cameras, wrist watches and bicycles, has been more than 10 percent. Light, textile and handicraft industries have all endeavored to improve the quality of their products and develop new products. Under the textile bureau, there are 22 products which realized their targets of meeting and surpassing established standards. The handicrafts bureau has test-produced more than 8,600 new products this year, most of which have already been put into production.

Although our municipality's third quarter industrial production has scored an increase over that of the corresponding period last year, it was 3.2 percent lower than that of the second quarter this year. The main reason was the fact that, at the beginning of the year, the industry and communications systems, from top to bottom, grasped early and grasped closely; thus, the margin of increase in the first half of the year was relatively large. In the third quarter, as various bureaus put emphasis on grasping such weak links in production as quality, varieties and management, the quantity of production was lowered; systems such as metallurgy, chemical engineering, and petrification main plants concentrated their efforts on inspecting and repairing their equipment; the industry and communications systems generally launched their work on raising the wages of staff members and workers, and their leaders therefore could not concentrate their energy on grasping production; the month of August was also characterized by rainfall unprecedented in 100 years under continuous rainy weather, and many units had to

spend their energy on flood prevention and typhoon resistance, and on housing inspection and repairs. At the same time, communications and transportation became tight, and the practice of detaining trains, vessels, and freight and passengers also became serious. The various industrial departments are now summing up their experience and concentrating their energy so as to grasp production work in the fourth quarter.

9255

CSO: 4006

INDUSTRY

TOO MANY SMALL TEXTILE MILLS BEING BUILT

Beijing RENMIN RIBAO in Chinese 17 Nov 80 p 3

[Article by XINHUA reporter Li Anding (2621 1344 1353): "Don't Let the Small Ones Crowd Out the Big"]

[Text] A large number of new textile enterprises are now building mills close to the source of raw materials. Even the communes and production brigades are operating small cotton mills, small silk fabric mills, and small knitting mills. They consume practically all the available raw materials at the source, but they turn out inferior and expensive products which are difficult to sell at home and much more difficult to export, while the established textile processing centers such as Tianjin and Shanghai face critical shortages of raw materials. Such uncoordinated building of small mills which crowd out the big mills is a serious threat to the development of our textile industry.

The following are a few illustrations:

In the past few years, the communes and production brigades of Henan have built over 100 small textile mills which annually consume more than 200,000 dan of grade A cotton. They have also built 50 cotton glove mills which annually consume 8,000 skeins of yarn, but they cannot sell their products either at home or abroad.

The silk-reeling capacity of Jiangsu Province as a whole used to exceed the amount of silkworm cocoons produced. Now the communes and production brigades have built over 50 additional small silk factories which can reel only low-grade silk. When these small factories are in operation, the state-operated large factories have to cut back production.

Although 500 silk machines of the silk fabric mills of the communes and production brigades of Zhejiang Province have been integrated with provincial programs, there are still another 2,000 independently operated silk machines which have to resort to unorthodox methods to procure raw materials.

Shanghai, Tianjin, and the established textile centers of Jiangsu are still the giants of medium- and high-grade textile products. With nearly a century of continued development, these localities command formidable high-level technical facilities for textile processing. Shanghai alone produces one-eighth of the nation's cotton textile goods, one-third of the woolen textile products, one-sixth of the

silk fabrics, and over half of the nation's trial-produced new brands. Judging by the scale of the newly built mills at the source of raw materials, they will expand in a few years to such an extent that they will take all the raw materials locally available and leave nothing to ship to other areas. This will cut off the supply of raw materials to other established old mills in the province. Unreasonable in terms of macroeconomic efficiency, this would be unacceptable to the people if these small mills located at the source of raw materials furnish the people with expensive but inferior products.

Many comrades in the textile departments believe an appeal will not eliminate the problem of small mills crowding out the big ones unless it is coupled with practical, concrete measures.

1. Those scattered mills already built should be combined to form coordinated groups, each tied to a specific end-product, and the small mills run by the county, the communes, and the production brigades should be consolidated and transformed step by step. The textile industry of our country has become a modern, multiprocess industry with high-level technology. The best way to make it economically efficient in production is to group together at various centers all large-scale specialized mills and stop the spontaneous development of production by manual means. Any enterprise with outmoded equipment and poor production conditions should be shut down. Those with better production conditions should be consolidated and transformed to join well-established mills in nearby medium-size or big cities in order to achieve coordinated specializations tied to specific end-products. This is how the textile industry of Changzhou, in Jiangsu, manages to produce its famous brands of corduroy and khaki, both of which are in great demand at home and abroad.

2. The program to extend years of tax exemption to enterprises run by the communes and production brigades should be modified so as to put an end to the protection of backward mills to the detriment of advanced ones. One of the reasons the number of small textile mills that are much less efficient than the big and old mills keeps multiplying is that they enjoy years of tax exemption granted by the state--a favorable condition for their survival. Pingyao, Xinjiang, and Fenyang, which are three counties of Shanxi, have built 113 small hosiery mills run by communes and production brigades. They have more hosiery machinery than the province does under the state plan. Although they use outmoded manual hosiery machines abandoned by the big plants, the crude, poor-quality products still sell very well because the tax exemptions enjoyed by commune and production brigade enterprises enable them to sell cheaper than the state-operated mills, which have to pay taxes and surrender their profits to the state treasury. So tax exemptions lasting for years should not apply uniformly to all enterprises of the communes and production brigades. Unless these [exemptions] are applied selectively, on the merits of each case, small enterprises will keep cropping up, no matter how often we consolidate those already in existence.

3. There should be interprovincial channels to allow localities that produce raw materials to share in the profits derived from the end-products, in order to join together the advantages of both the raw material producing localities and the processing localities. The most urgent task of our textile industry, especially the mills in the interior, is to increase the variety of textiles and improve their quality. No more processing mills should be built at the source of raw materials.

Encourage the big cities such as Shanghai, Tianjin, and Beijing to establish joint undertakings with the farming and animal husbandry areas that produce cotton, hemp, wool, silk, etc. The processing centers should provide capital and equipment to help the farming and animal husbandry centers to develop raw material production. This will help raise the yield and quality of textile products when the factories are sure of a steady supply of raw materials. We must also consider measures to make the processing localities remit a portion of the profit derived from the industry to those localities which supply raw materials according to schedule. Those localities which provide raw materials over the scheduled quotas should receive an even greater portion of the profit. This will motivate the raw material producing localities to expand raw material production, which is thus made more profitable than the building of uncoordinated mills, and it will provide a better solution to the problem of small mills crowding out the big ones.

5360

CSO: 4006

INDUSTRY

ANHUI'S LIGHT, TEXTILE INDUSTRY DEVELOPMENT

OM02090 Hefei Anhui Provincial Service in Mandarin 1100 GMT 31 Dec 80

[Excerpts] Thanks to the implementation of the policy of readjusting, restructuring, consolidating and improving the national economy, distinct changes have taken place in Anhui's national economy structure since the beginning of 1980. The total value of industrial output is expected to reach 1.21 billion yuan this year, an increase of some 6 percent over 1979. A rapid growth in the production of consumer goods is registered on the industrial front, and the ratio between light and heavy industrial production has also changed. The proportion of light industry has increased from 47.9 percent in 1979 to 53.1 percent this year. A sharp increase has been registered in the construction of projects for nonproductive purposes [such as housing projects and commercial service facilities] on the capital construction front, while the disproportion between the production and nonproduction sectors has also been corrected.

Since 1980, Anhui Province has given priority to the development of light and textile industries in order to produce more consumer goods. It was clearly pointed out at the provincial conference on industrial production held in early 1980 that the very purpose of production is to satisfy the increasing material and cultural needs of the masses of the people. The conference also decided to proceed from actual conditions in Anhui Province's industry in implementing the eight-character policy so that the focus of industrial readjustment can be put into the development of light industry, textile industry and handicraft industry.

In 1980 industrial production, the output of light industry is expected to increase by 17 percent and that of heavy industry to reduce by 4.3 percent. In 1980, the province's light industry has overfulfilled the annual production plans of such consumer goods as cotton yarn, yardgoods, woolen materials, plastic items, television sets, radios, bicycles, sewing machines, wrist watches, knitting wool, cigarettes, wine, gunny bags, matches, soap, and light bulbs, of which the output of television sets, radios and bicycles has increased by 100 percent.

Since 1980, the province has suspended and deferred certain construction projects, reduced investment in capital construction within the state budget, and increased the investment on projects which have a direct bearing on the people's livelihood. The amount of construction funds consumed in 1980 by such nonproductive departments as city construction, commercial service network, culture, education and public health shows an increase of 23.8 percent over 1979. Some 885,000 square meters of housing projects for workers were built in the first 11 months of 1980, an increase of 9.13 percent over the same period of 1979.

CSO: 4006

INDUSTRY

HANGZHOU BAY FISHING INDUSTRY HARD HIT BY POLLUTED INDUSTRIAL WASTE WATER

Beijing GUANGMING RIBAO in Chinese 22 Oct 80 p 2

[Article by Shanghai Petrochemical Main Plant]

[Text] Comrade Editor: We--the Taihu Commune of Shengai County, Zhejiang Province--are located in the entrance of Hangzhou Bay. This is a small island engaged primarily in sea fishing. Such economic fish as the mullet, the silvery pomfret, shark, white shrimp, yellow croaker, and jellyfish had always been plentiful. In recent years, however, fingerlings of mullet and yellow croaker are no longer to be seen and yields of silvery pomfret and shark have also dropped about 60 percent. The reduction of the yield and the quality of jellyfish are especially terrifying. In 1975, during one autumn flood season, the yield of jellyfish from the 200 nets of the commune was more than 2,800 dan. The yield has been less and less every year while the quality of the catch has become poorer. The autumn floods of last year brought only 600 dan. The cause is the industrial waste water coming from Shanghai and some factories of Zhejiang Province. The industrial waste water and oil discharged into the sea contain a much higher rate of toxic substances than the standard set by the state and they have killed various fingerlings. We are here to beseech you to help us appeal to the related departments of Shanghai, Zhejiang, et al to adopt measures to reduce or cease discharges of industrial waste water to the sea, otherwise the fishing industry of these Zhoushan Islands will be thoroughly destroyed. [signed] Taihu Commune Revolutionary Committee, Shengai County, Zhejiang Province

Department of the Laboring Masses:

The letter written to your newspaper entitled "Serious damage to the fishing industry of our island by industrial waste water" has been forwarded to us by the Shanghai Municipal Committee of the Central Communist Party. We extend our profound sympathy to the fishing industry of Taihu Commune of Shengai County, Zhejiang Province for the yield reduction.

The Zhoushan Islands of Hangzhou Bay form a region famous for fishery in China. As we understand the situation, the current pollution problem of Hangzhou Bay involves the following aspects: (1) The Qiantangjiang carries untreated waste water in large quantities discharged by factories of its banks. (2) the waste oil is discharged by the motorized boats and ships into Hangzhou Bay, especially by the fishing boats into the Zhoushan Fishing Ground when the marine products are being caught. (3) According to the Zhejiang Provincial Environmental Protection Office, the runoff oil discharged accidentally during demolishing of old used boats at Zhapu Ship Demolishing

Plant sometimes amounted to more than 30 tons per accident. (4) The Zhejiang Petroleum Refinery discharges 80,000 tons of treated waste water per day; the oil content of this waste water is being investigated. (5) Our plant treats 500,000 tons of industrial waste per day with 960,000 tons of clear water discharge. Under the condition of occasional accidents, some leaks may occur. (6) The City of Shanghai and the Chang Jiang bring over a large quantity of waste water. Due to the effects of the tide and currents, it flows into Hangzhou Bay along the northern part of the bay. (7) The agricultural drugs used in the fields in the valleys of Qiantangjiang, Yongjiang, and Caojing, et al within the Hangzhou Bay region are washed off into the bay.

In view of the above conditions, we suggest that the state's Environmental Protection Office and the states General Bureau of Marine Products should be in charge of organizing a joint survey by related units in Jiangsu and Zhejiang provinces and Shanghai City to exchange data and to proceed with joint environmental protection work so that scientific research work may be carried out to control pollution in the region of Hangzhou Bay to restore its ecological balance for the development of the fishing industry. Our plant is willing to join the efforts of surveying and pollution control and treatment and to contribute to the implementation thereof.

(signed) Shanghai Petrochemical Main Plant

6168

C80: 5000

INDUSTRY

BRIEFS

WASTE RECOVERY--Beijing, January 19 (XINHUA)--China recovered about 1,830 million yuan in raw materials from recycling wastes such as copper scraps, iron and steel ends, used rubber, plastic and cotton items and various kinds of bones, according to figures released by the All-China Federation of Supply and Marketing Cooperatives recently. This is 11.3 percent higher than 1979 and a peak for the last 20 years. The copper scraps can be used to produce more than 37,000 tons of electrolytic copper; the waste iron and steel can save 10 million tons of iron ores and five million tons of coke in smelting. The rags, worn-out shoes and waste hemp and paper recovered, if used for papermaking, may save 3.32 million cubic meters of timber and 400,000 tons of caustic soda. [Excerpt] [Beijing XINHUA in English 0738 GMT 19 Jan 81 OW]

CSO: 4006

CONSTRUCTION

RECOMMENDATIONS FOR DEVELOPMENT OF SYNTHETIC AGGREGATES

Beijing RENMIN RIBAO in Chinese 17 Nov 80 p 3

[Article by correspondents Fan Wenkun (5400 2429 0981) and Zhou Baohua (0719 0202 5478)]

[Text] Editor's Note: In recent years, light-weight, high-strength and multipurpose synthetic aggregates have become a leading item in new building materials in some countries which are developing new building materials for energy conservation.

The manufacture of synthetic light aggregates is a promising industry in our country. The various localities and big enterprises should be encouraged to invest in this industry, as the state is not in a position at this point to invest extensively in it.

We must listen to the recommendations of experts on how to modernize our building industry.

At the first symposium on light aggregates and light aggregate cement, held not long ago in Shenyang, 150 experts from all parts of the country unanimously recommended that China should develop synthetic light aggregates--lightweight, high-strength, multipurpose building materials.

These experts point out that ceramsite, a lightweight, high-strength, multipurpose synthetic aggregate, has been extensively developed and widely used in recent decades in many countries. According to data compiled in China and abroad, synthetic light aggregates offer many advantages as building materials: they are lightweight, high-strength, effective as insulation, fire-resistant, anti-seismic, durable, easy to handle, and economical. Processed floorslabs, panels, beams, columns and other loadbearing structural members made of light aggregate cement are 20 percent lighter, use 10 percent less steel, and cost from 3 to 5 percent less in cost than comparable items made of ordinary cement.

The study and test-manufacture of ceramsite began in 1956 in our country. Owing to many reasons, progress has been very slow. By the end of 1979 the whole country had produced only 175,000 cubic meters, 0.25 percent of the world's production, of synthetic light aggregates--namely, coal ash ceramsite, dilated pearlite, large grain dilated pearlite, gangue ceramsite, shale ceramsite, and clay ceramsite.

In view of the need for our country to industrialize its building materials, experts have offered five recommendations for the development of synthetic light aggregates:

1. There must be uniform arrangements and overall plans for the development of synthetic light aggregates. Most of the synthetic-aggregate factories in our country now have developed spontaneously, full of blind blunders in factory construction, layout and scope, variety of products and their production. The material departments and the Bureau of Building Industry should work with the localities concerned to draw up plans to enable the development of synthetic aggregates to follow a more coordinated path.
2. Join people together to form a nationwide research development center for synthetic light aggregates. Although over 100 people are engaged in the study of light synthetic aggregates, the personnel, facilities, and funds are so scattered that they can only duplicate some medium- and small-scale experiments. They are costly, inferior in quality, and cannot coordinate their research, production, and actual application. This should be rectified, and the sooner the better.
3. Formulate an economic policy aimed at promoting the development of synthetic light aggregates. The state should support the construction of principal synthetic light aggregate development centers throughout the country, provide adequate fuel supply to those factories which produce the most marketable products, and extend tax exemptions and supplies of industrial waste free of charge to those factories which use industrial waste to produce light aggregates.
4. Reorganize the industry in order to promote the construction of joint plants to manufacture light aggregates and cement for prefabricated structure members. Most light aggregates are used both in China and abroad for prefabricated structure members and building blocks. The building of joint plants saves money and energy that would otherwise be required to ship the light aggregates, and it also reduces management expenses and cost of products.
5. There must be orders of priorities in developing the light aggregate industry. Lightweight and high-strength ceramsite which uses industrial waste should be developed first. The industry should be situated in localities that have favorable conditions for the economically efficient development of synthetic light aggregates.

Apart from synthetic light aggregates, there are rich resources of natural light aggregates in several provinces, municipalities, and autonomous regions in Northeast and North China. These resources have not yet been mined and utilized as extensively as has been done [with similar resources] in foreign countries. It is recommended that proper steps be taken to promote the mining and use of natural light aggregates.

5360

CSO: 4006

DOMESTIC TRADE

BRIEFS

CONSUMER GOODS--The factories of the Fourth Ministry of Machine Building have been actively engaged in producing civilian consumer goods. Recently they have offered more than 200 different products for sale in the Beijing market, including wall lamps for residential use, single-wheel pushcarts, ice skates, electric meters, automatic washing machines, duplicating machines, new-model television sets, time quartz radios, stereo radios, multipurpose console radios, etc. All these products are now on sale at the second exhibition of products held by the Fourth Ministry of Machine Building in the Agricultural Exhibition Hall, Beijing. [Text] [Beijing RENMIN RIBAO in Chinese 17 Nov 80 p 3] 5360

CSO: 4006

LABOR AND WAGES

LIAONING: LIVING EXPENSES IN SHENYANG UP SHARPLY

SK020532 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 1 Jan 81

[Text] According to the results of a nationwide survey on the livelihood of staff and workers, per capita monthly living expenses in Shenyang Municipality amount to 36.01 yuan, an increase of 42.11 percent over 1977. Rarely has there been so marked an increase in living expenses over a 2-year period since the PRC's founding.

The results were obtained from a survey of 5,954 households of staff and workers in the city's industrial, machinery, transportation, commercial, scientific research, education and public health departments.

This reporter learned that every employed individual supported an average of 1.66 persons in the first quarter of 1980, a decrease of 11.7 percent from the 1977 figure. Family planning aside, another major factor in this decrease has been increased employment. The city provided jobs for 200,000 people as of the first quarter of 1980 and the employment ratio [jiu ye mian] stood at 60.28 percent, an increase of 7.7 percent over the 1977 figure.

Average monthly living expenses are 157.02 yuan per household. Average income per household, plus bonuses, subsidies and the 5-yuan allowance for nonstaple foodstuffs, increased by 48.35 yuan or 44.45 percent over the 1977 level.

There are some special features about the increased income of staff and workers; the number of high and medium-income households increased rapidly while the number of low-income households decreased markedly. In terms of size of increases, however, the income of low-income households increased by a relatively big margin, while medium-income households came in second and high-income households last. According to the survey of 5,954 households, high-income households with monthly living expenses above 40 yuan per capita account for 33.4 percent. Medium-income households with per capita living expenses between 30 and 40 yuan account for 31.6 percent and those below 30 yuan account for 26.6 percent [figures as heard]. These disparities are due to difference in salaries, the size of families, and the number of family members employed.

CSO: 4006

LABOR AND WAGES

SHANXI WORKERS' LIVING CONDITIONS IMPROVE

HK010551 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 31 Dec 80

[Excerpts] According to information received from the provincial statistics bureau, this bureau together with the labor bureau and other departments recently carried out a survey of basic living conditions in the first quarter of 1980 of 7,780 households of 267 units in Taiyuan, Datong, Yangquan and Linfen municipalities. These households contained a total of 34,174 persons. The survey showed that living conditions of urban workers in the province have improved to a certain degree in recent years. The main expressions of this improvement are as follows:

1. More members of workers' households are in employment, while the burden of the average employees has been lightened. According to the survey, on average 2.2 members of each workers' household are employed, an increase of 47 percent above the 1965 figure. On the basis of the increased number of people employed, the average burden of each employee including himself has fallen from 3.2 persons in 1965 to 2.
2. There has been a notable increase in income for living costs. More households are living in affluence while less are in difficulty. According to the survey, in the first quarter of 1980 the average per capita monthly income for living costs in worker households in these 4 municipalities was 27.12 yuan, an increase of 3.61 yuan--24 percent--over the 1977 figure of 21.51 yuan, and a rise of 9.25 yuan--52 percent--over the 1965 figure of 17.87 yuan. Households in difficulties with average per capita monthly income for living costs of below 15 yuan accounted for 6.4 percent of the total surveyed, compared with 33 percent in 1965. This was a reduction of 80.8 percent. The number of affluent households has greatly increased. Households living in relative affluence with average per capita monthly income for living costs accounted for 21.1 percent of the number surveyed, compared with 3.8 percent in 1965. This was a 460 percent rise.
3. There has been a notable increase in purchases of consumer durables in worker households. The survey showed that there are now 36 bicycles per 100 people, compared with 22 in 1965; 57 sewing machines per 100 households, compared with 27 in 1965; 43 wristwatches per 100 people, compared with 15 in 1965; 56 radio sets per 100 households, compared with 34 in 1965; and 15 television sets, 1.6 gramophones, 0.9 tape recorders, 0.8 cameras, and 0.7 electric fans per 100 households.

4. There has been a slight increase in workers' housing space. According to the survey, on average there are 4.6 square meters of living space per person, compared with 4.5 in 1977.

These figures show that the basic living conditions of urban worker households in Shanxi have definitely improved since the gang of four were smashed. However, we must also realize that we still owe very many debts in this respect. Workers' living space, the employment of people awaiting employment, and the income of a number of worker households remain rather low. Compared with 44 towns throughout the country, the income for living costs is still not high in Shanxi. Hence, constantly improving the people's living standards is a major issue we must be concerned for and solve while readjusting the national economy.

CSO: 4006

LABOR AND WAGES

BRIEFS

ANHUI POPULATION--According to a survey conducted by the Anhui Provincial Statistics Bureau and other units among 5,000 families in Hefei and 4 other cities in Anhui during the second quarter of 1980, the number of members in each family averaged 4.7 persons, a drop of 0.79 from the average 5.49 persons in 1963; an average of 2.5 persons were employed per family, an increase of 0.99 over the average of 1.51 persons in 1963. The survey shows that the average monthly per capita income was 27.61 yuan, or a 12-yuan increase over 1963. Among the 5,000 families surveyed, 596 families had a monthly per capita income of over 40 yuan, 1,102 families had a monthly per capita income of 20-35 yuan, 1,930 families had a monthly per capita income of 20-30 yuan, and 724 families had a monthly per capita income of under 20 yuan. According to another survey conducted among 4,410 families, 73 percent of those who had jobs had wristwatches, and there was an average of 9.18 television sets, 0.84 tape recorders and 21.93 electric fans per 100 families. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Jan 81 OW]

CSO: 4006

GENERAL

'RADIO ZHEJIANG' REPORTS ON 180 ECONOMIC PERFORMANCES

OWO21709 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 1 Jan 81

[Text] [Passage indistinct] The output of major light industrial products such as silk materials, synthetic fibers, radio sets and so on hit a record high last year. Zhejiang made remarkable progress in the power industry. As of the end of November, more than 7 billion kwh of electricity were generated, marking an increase of 45.6 percent as compared with that in the same period in 1979 and creating the highest record ever. The quality of industrial products was substantially upgraded. Nine industrial products in the province won gold or silver medals in a nationwide contest of industrial products. One hundred fifty-nine industrial products from the province were rated "high quality" by various departments of the central authorities and provinces.

In agriculture last year remained a year of fairly good harvests since liberation, despite natural disasters that caused a decrease in grain production. The province reaped a good harvest of cash crops. Last year's output of tea and rapeseed was the highest ever.

Following the development in production, the people's living standards greatly improved. The annual per capita wages averaged more than 700 yuan, nearly 100 yuan above the 1979 figure. As of the end of November 1980, the total amount of savings deposits in rural and urban areas in the province reached 1.638 billion yuan, marking an increase of 460 million yuan over that at the beginning of 1980. The sale of consumer goods in rural and urban markets showed with substantial increases in the sales of daily necessities and clothing. The total value of retail sales for 1980 is expected to increase by 22.2 percent over the 1979 figure. This substantial increase reflects the brisk markets in rural and urban areas and the growing purchasing power of the people.

CSO: 4006

PUBLICATIONS

TABLE OF CONTENTS OF 'A STUDY OF CHINA'S SOCIALIST ECONOMIC PROBLEMS'

Beijing ZHONGGUO SHEHUIZHUYI JINGJI WENTI YANJIU [A STUDY OF CHINA'S SOCIALIST ECONOMIC PROBLEMS] in Chinese Dec 79, pp 1-3

[Book by Xue Muqiao [5641 2550 2890], published by the RENMIN CHUBAN SHE]

[Text]

Table of Contents

Preface.....	1
Chapter One China's Socialist Revolution and Socialist Construction.....	13
1. The Special Conditions of China's Socialist Revolution.....	13
2. The Direction of China's Socialist Construction.....	18
3. The Developmental Stages of Socialism.....	23
Chapter Two The Socialist Transformation of the Ownership of the Means of Production.....	28
1. The Establishment and Consolidation of Leadership Authority over the State Sector of the Economy.....	28
2. The Socialist Transformation of Capitalist Industry and Commerce.....	33
3. The Socialist Transformation of All Forms of Agriculture.....	39
4. The Socialist Transformation of All Handicraft Industries and Small-Scale Business.....	44
Chapter Three The Two Types of Socialist Ownership Systems of the Means of Production.....	50
1. The Major Differences Between the Two Systems of Socialist Ownership.....	50

2. The Present Stage of Socialist Ownership by the Whole People.....	54
3. The Present Stage of Socialist Collective Ownership.....	59
Chapter Four The System Of Distribution According to One's Work in a Socialist Society.....	67
1. The Special Features of Labor in a Socialist Society....	67
2. The Objective Necessity of Implementing the Principle of Distribution According to Labor.....	73
3. Labor Compensation in an Economy with Ownership by the Whole People.....	76
4. Reform of the Present Labor Wage System.....	81
5. Labor Compensation in an Economy with Collective Ownership.....	87
6. The Correct Handling of Livelihood Differences Between the Workers and the Peasants, Among the Workers and Among the Peasants.....	93
Chapter Five Commodities and Currency Under a Socialist System.....	97
1. Socialist Nations Must be Skilled in Using the Relationship Between Commodities and Currency.....	97
2. Commodities in a Socialist Society.....	101
3. Commodity Flow in a Socialist Society.....	107
4. Currency in a Socialist Society.....	114
5. The Process of Development and Dissolution of Commodities and Currency.....	120
Chapter Six The Law of Value and China's Pricing Policy.....	123
1. The Function of the Law of Value in a Socialist Economy.....	123
2. Economic Work Requires Skillful Application of the Law of Value.....	129
3. Prices and China's Pricing Policy.....	132
4. Reform of China's System of Price Management.....	139

Chapter Seven	Planning Management in Socialist Economics.....	146
1.	Ways to Advance Planning Management in Socialist Economics.....	146
2.	Overall Planning for National Construction and the People's Livelihood.....	152
3.	Proportional, High Speed Development of the National Economy.....	158
4.	Rational Arrangements for the Nation's Labor Force.....	164
5.	Overall Balance in the National Economy.....	168
6.	Economic Accounting in a Socialist Nation.....	173
Chapter Eight	The Economic Management System in a Socialist State.....	180
1.	The Economic Management System Must be Reformed.....	180
2.	Reform of Economic Management in State Run Enterprises.....	185
3.	Reform of Economic Management of the National Economy.....	192
4.	Adjustments to the National Economy and Reform of the Management System.....	199
Chapter Nine	Socialist Modernization of the National Economy.....	204
1.	The Path of Chinese-Style Modernization.....	204
2.	Constructing Modernized Agriculture.....	211
3.	Constructing Modernized Industry.....	219
Chapter Ten	Class Struggle and Contradictions Among the People.....	230
1.	Class Struggle in a Socialist Society.....	230
2.	Contradictions Among the People in a Socialist Society.....	236
3.	Give Vent to the People's Democracy, Correctly Handle Contradictions Between the Leadership and the Masses....	243

Concluding Remarks--Study and Apply the Objective Laws of Socialist Economic Development.....	249
1. The Marxist Theory of Socialist Construction Calls for Continual Development.....	249
2. The Economic Laws of a Socialist Society.....	265
3. Objective Economic Laws and Man's Subjective Activity.....	265
Postscript.....	271

11592
CSO: 4006

END

END OF

FICHE

DATE FILMED

Feb. 10 1981

